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FBIS-SOV-95-162 *22 August 1995*

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Negotiations in Groznyy

Yeltsin Fires Volskiy as Chechen Negotiator

LD2208100795 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 22 Aug 95

[FBIS Translated Text] Arkadiy Volskiy, deputy head of the Russian delegation, has been removed from the talks between the federal authorities and Dudayev's supporters in Groznyy by a verbal order from the president. Our radio was told by a source in the Kremlin that Volskiy has been accused of compromising too much with the terrorists. Volskiy is said to be undergoing treatment in the Czech Republic.

However, our radio has learned that some of the president's aides are insisting that Arkadiy Volskiy be appointed the head of state's representative in Chechnya. They believe the Chechens' trust in Volskiy will help sort out the situation in Chechnya. A senior official who prefers to remain anonymous told our station that the choice between Volskiy or [Security Council Secretary Oleg] Lobov is not the difference between war and peace in Chechnya, but between whether Chechnya remains in principle within Russia or not. With Volskiy, it would most likely remain in Russia; with Lobov, most likely not, unquote.

Observer Commission in Chechnya Resumes Session

LD2208091895 Moscow ITAR-TASS in English 0858 GMT 22 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 22 (ITAR-TASS) — A special observer commission in Chechnya resumed its session at 11:00 a.m. today, one hour later than scheduled.

A delegation of the Chechen formations led by chief of staff Aslan Maskhadov arrived at the building of the regional military commandant's office 20 minutes later than expected. Maskhadov contacted the Russian side by telephone and managed to persuade them to return to the negotiating table to resume consultations on military issues.

Movladi Udugov, the minister for information of Dudayev's government, told journalists that today's session was being held at the level of the heads of the two delegations and was not attended by experts.

From Russia, the consultations are being attended by deputy commanders of federal troops Pavel Maslov and Yevgeniy Skobelev, the Chechen side is represented by Aslan Maskhadov.

Udugov has confirmed ITAR-TASS reports that the Chechen side was preparing a statement on developments in Argun, adding that the forthcoming statement to be made by Maskhadov on the situation which unfolded following the developments in Argun will be made public later.

Maskhadov Leaves Session for Argun

LD2208142395 Moscow INTERFAX in English 1308 GMT 22 Aug 95

[FBIS Transcribed Text] Groznyy, Aug 22 (INTERFAX) — Co-chairman of the special observer commission and head of the Chechen military staff, Aslan Maskhadov, suspended special observer commission consultations and left for Argun, 10 kilometers east of Groznyy, Tuesday.

According to Chechen sources, clashes between federal troops and Alaudi Khamzatov-led militants are underway in the Argun area.

Representatives of the Chechen delegation told INTERFAX that Maskhadov will try to find a resolution to the situation in Argun.

During consultations this morning Maskhadov accused the Russian command of violating the military agreement, one of whose provisions says that all disputable issues will be settled by the sides through exclusively peaceful means, said members of the Chechen delegation.

In its turn, the Russian command in the person of federal troop commander Lieutenant-General Anatoliy Romanov said that federal troops plan to bring the military operation for liquidating the Khamzatov gang in Argun to its natural conclusion.

Further on Argun Investigation at OSCE Mission

LD2208145295 Moscow ITAR-TASS in English 1352 GMT 22 Aug 95

[By Sharip Asuyev and Mikhail Shevtsov]

[FBIS Transcribed Text] Groznyy, August 22 (ITAR-TASS) — Circumstances of an armed incident in Argun on the outskirts of Groznyy are being investigated by a meeting which opened on the premises of OSCE [Organization for Security and Cooperation in Europe] mission in Groznyy. Taking part in the meeting are a delegation of experts of the Council of Europe, a group of Russian parliamentarians, federal commanders and the Chechen military delegation.

David Atkinson of Great Britain, representative of the Council of Europe, told journalists the expert

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commission is going to meet with all participants in the negotiating process in Chechnya.

Deputy of the State Duma Vladimir Lukin said that the experts of the Council of Europe and Russian MPs arrived in Groznyy to familiarise themselves with the situation on the spot. He expressed the hope that the situation will be developing "more peacefully."

Commander of the joint group of federal forces Anatoliy Romanov takes part in the meeting.

Participating from the Chechen side are chief of the general staff of Chechen units Aslan Maskhadov and Chechen chief negotiator Khozh-Akhmed Yarikhanov.

The delegation of the Council of Europe is going to leave Groznyy for Moscow at seven p.m.

Chernomyrdin: Chechen Provocateurs Will Be Punished

LD2208102595 Moscow ITAR-TASS in English 0943 GMT 22 Aug 95

[By Valentin Pavlov and Gannadi Yezhov]

[FBIS Transcribed Text] BARNAUL, August 22 (ITAR-TASS) — "Those who engineer provocations in the Chechen Republic, will pay for this dearly," Russian premier Viktor Chernomyrdin told reporters here on Tuesday, replying to ITAR-TASS on the latest developments in Argun.

The premier stressed that the two sides which signed the military agreement on a settlement in the Chechen Republic, are interested in its implementation.

"Somebody in Chechnya, Dudayev for instance, need a policy of provocations," Chernomyrdin stressed. "But those who participate in the talks and those who signed the peace agreement on the package of military issues, as I think, want this agreement to be strictly fulfilled.

"Regrettably, there are provocations, and they will be evidently in future," the premier added. "The incident with the capture of the police department in Argun was settled in an appropriate way. And this will be so in future too."

Chernomyrdin noted that the president and the government made appropriate statements on the latest events. Besides, power-wielding departments were given instructions concerning future provocations.

All participants in the Chechen events from Dudayev's side were warned that the line for disarmament would be continued, and the agreement on military questions must be fulfilled, the premier stressed.

A political settlement in the Chechen Republic will be the next stage. In the premier's opinion, a settlement through negotiations should not be stopped, and this process will not be stopped.

"Those who will engineer provocations, will pay for this dearly," the Russian cabinet head underlined.

Mikhaylov: Argun Events Will Not Foil Peace Process

LD2208104995 Moscow INTERFAX in English 1037 GMT 22 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (INTERFAX) — Leader of the Russian delegation to the peace talks in Groznyy, Minister for Nationalities and Regional Policies Vyacheslav Mikhaylov expressed confidence that the events in Argun (10 kilometers from Groznyy) will not undermine the peace process in Chechnya.

A team of militants led by Alaudi Khamzatov, seized the building of the local police department last Sunday. By the evening August 21, the federal troops had cleared the city of militants.

Mikhaylov told INTERFAX in an exclusive interview on Monday evening that at about 20:00 Moscow time he spoke by telephone with leader of the Dudayev delegation Khozh-Akhmed Yarikhanov. He also said that the operation in Argun had been carried out by uncontrolled illegal armed groupings and violates the package of military agreements signed in Groznyy on July 30.

"I hope Yarikhanov and chief of the general staff of the Dudayev forces Aslan Maskhadov would properly assess what has happened in Argun," said Mikhaylov. "Adequate measures must be taken against such illegal and uncontrolled formations," he added.

He pointed out that Yarikhanov and Maskhadov had qualified the events in Argun as a provocation aimed at foiling the peace process in Chechnya. "Both sides are interested in implementing the agreements and continuing the peace talks," he said.

He said the talks on political issues were likely to be resumed in Groznyy shortly, depending on the implementation of the military agreements and on the results of the consultations between the delegations' working groups.

Further Comments by Mikhaylov on Argun

LD2108204795 Moscow Radio Rossii Network in Russian 1800 GMT 21 Aug 95

[FBIS Translated Text] Our correspondent Marina Chernukha has asked Vyacheslav Mikhaylov, minister for affairs of nationalities and regional policy and head of the

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Russian Governmental delegation for settling the situation in Chechnya, to comment on the events in Argun.

[Chernukha] Vyacheslav Mikhaylov considers that the actions committed by the Dudayev militants in Argun close the door to the negotiating process. There has been a crude violation of the basic principles of the 30 July agreement, the minister said. Militants burst into a populated area with weapons in their hands, while, in accordance with the agreement, the illegal bandit formations should have been disarming.

In this way, Vyacheslav Mikhaylov let it be understood that the planned departure for Groznyy on Tuesday of the governmental delegation that he heads is being postponed.

Mikhaylov preferred to keep silent about which forces he believes are behind the actions in Argun. It is those who do not want peace in Chechnya, he said.

However, Arkadiy Volkov has said that it is not just the supporters of Dzhokar Dudayev but also some politicians in Moscow who do not want peace in Chechnya. Be that as it may, Vyacheslav Mikhaylov said that in the past 24 hours he has not had any contact with Dzhokar Dudayev. We are in contact only with representatives of the working group and the federal forces in Chechnya, he stressed.

Romanov: Events in Argun Gross Violation of Accord

LD2108191895 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 21 Aug 95

[From the "Vremya" newscast]

[FBIS Translated Text] Today's events in Argun started yesterday evening, when a group of more than 100 entered the town. Three people were killed during the shootout at the district militia station.

Today, Chechen Chief of Staff Aslan Maskhadov failed to persuade the Chechen fighters to leave the district militia station, and at 1600, federal troops fired several salvoes at the town. Anatoliy Romanov, commander of the Russian interior troops in Chechnya, said that so far, smoke bombs have been used to enable the federal troops to regroup.

[Begin Romanov recording] What we have seen here is a gross violation of the military agreement. You understand very well that Dudayev confirmed this agreement with his own special documents and orders, and has himself violated it in the most blatant way. Our measures: first and foremost, terms were laid down — do not violate the agreement, withdraw the group of fighters, lay down weapons, disarm, and then fulfil the terms of the agreement. These were rejected, and of course I, as commander of the combined group, made the decision to bring in additional troops. If the demand for weapons to be handed in is not met, measures will be taken to localize this group. [end recording]

Now, at 2000 Moscow time [1600 GMT], we have learned that Argun was shelled with smoke projectiles today, and that aviation carried out reconnaissance flights.

Maskhadov: Chechens Will Fight if Forced by Russia

LD2108194295 Moscow NTV in Russian 1800 GMT 21 Aug 95

[Report by correspondent Boris Koltosov, including recorded comments by Aslan Maskhadov, chief of staff of Dudayev's forces; from the "Segodnya" newscast]

[FBIS Translated Text] Boris Koltosov, our special correspondent in Chechnya, has just come back on the line. This evening he managed to get to meet Aslan Maskhadov, chief of staff of the Dudayev forces. Everyone is worried now what impact the Argun events will have on the progress of the Groznyy negotiations. Over to Boris Koltosov.

[Koltosov] Anatoliy Romanov's talk with Maskhadov seemed to be a pure formality, and could change nothing now.

[Koltosov, to Maskhadov] You have just had another meeting with Romanov, what did he tell you? Will force be used?

[Maskhadov] He gave no direct answer to that question.

[Koltosov] Aslan Maskhadov himself was, until the very last moment, ready to resolve the problem by peaceful means.

[Maskhadov] If Russia absolutely has to demonstrate force, then as I have said before, let us use force. But I say it can be done by peaceful means.

[Koltosov] To judge by all events, the Chechen delegation does not plan to break off the negotiations.

[Maskhadov] If that depends on me, we will not. That is, the agreement will be fulfilled, if it depends on me. If it does not depend on me, but on the Russian side, and if they decide to use force, then we will just have to fight, won't we.

[Koltosov] In Groznyy people still do not know exactly what is going on in Argun, and evidently the public reaction to these events will come only tomorrow. By

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2000, there is no doubt about the hostilities in Argun. The situation in Groznyy, however, remains calm.

Boris Koltosov, Vladimir Molchanov, NTV Chechnya.

Militants' Actions, Effects in Argun Considered

LD2208085095 Moscow ITAR-TASS in English 0601 GMT 22 Aug 95

[By Mikhail Shevtsov]

[FBIS Transcribed Text] GROZNYY, August 22 (ITAR-TASS) — The Monday events in the town of Argun where a group of rebels led by "irreconcilable" field commander Alaudi Khamzatov captured the local police department and announced itself a new authority on behalf of rebel leader Dzhokhar Dudayev, may torpedo the negotiating process and to aggravate the situation in Chechnya.

Despite repeated demands by the command of federal forces in Chechnya, some 200 gunmen refused to disarm and leave Argun. They were not convinced either by head of the chief headquarters of Chechen detachments Aslan Maskhadov who contacted rebels on several occasions.

Sandor Mesares, mission head in Chechnya of the Organisation for Security and Cooperation in Europe, constantly called on Khamzatov's group to display discretion from early morning till 15:00. Gunmen replied to all persuasions that they were appointed by Dudayev as new authority in Argun.

After exhausting all possibilities of influencing the rebels, the federal command unilaterally decided to apply force after 16:00. The Argun population was warned over loudspeakers for several hours of a possible use of force and was asked to leave the city.

After shelling the town with smoke shells, subunits of interior troops, the Defence Ministry and commandoes entered Argun and started blockading and storming the police building.

At the same time, since the rebels offered resistance, they were machine-gunned from helicopter gunships. As a result, their main forces were destroyed, while the rest made reckless attempts to break the encirclement by small groups.

Firing engagements continued in the town late into night. There was no official information on casualties of both sides on Monday. However, an armoured carrier with four wounded interior troops headed from Argun to Groznyy at 19:30.

A representative from the command of federal troops told ITAR-TASS at 20:00 that there is no exact information on casualties. In his opinion, federal troops would blockade the massing area of rebels overnight and would continue a mopping-up operation in the morning on Tuesday to wipe out gunmen completely.

Commenting on the developments in Argun, commander of federal troops in Chechnya Anatoliy Romanov who arrived in Groznyy on Monday at 13:00, told reporters: "The attack by rebels is a crude violation of the agreement on military questions".

Addressing citizens of the Chechen Republic through the mass media, he noted: "We do our best to reach a settlement in Chechnya peacefully. Population should not regard provocations, similar to the one which happened in Argun, as a norm of conduct.

"Where the signed agreement will be broken, violators will face measures which will put them within the framework of the agreement."

According to Romanov, the command of federal troops in Chechnya was forced to take preventive measures against gunmen in Argun to protect the interests of the Chechen people.

"Otherwise each field commander will proclaim himself an independent prince in any area of the republic and will lord it over ordinary people," he added.

On Monday, Chechen representatives, including head of the chief headquarters of Dudayev's forces Maskhadov, were not quite sincere with the mass media.

Movladi Udugov, information minister in Dudayev's government, assured reporters right before Maskhadov's departure from Argun at 15:00 that the rebels agreed to leave the town and are fully subordinated to Maskhadov. Subsequent events showed that Udugov was insincere.

Following the announcement about the use of force, Maskhadov and his delegation departed to the building of the Groznyy military registration and enlistment office. He did not make any statements till Monday evening.

Mesaros was also an eye-witness of the events. After some hesitations, he recognised that the action by Khamzatov's gunmen in Argun ran counter to the signed agreements on military issues. His attempts to persuade the rebels to leave the town also failed.

Military Operations

'Militants' Control Towns Freed by Federal Troops

LD2208143095 Moscow INTERFAX in English 1308 GMT 22 Aug 95

[FBIS Transcribed Text] Groznyy, Aug 22 (INTERFAX) — Militants have gained control over many

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Chechen towns and villages which had been freed by the federal troops from illegal armed units, a high-ranking representative of the federal forces command told INTERFAX Tuesday.

In his words, the militants have substituted military methods for seizure of high posts in local power structures, he said. This has happened in the settlements of Kurchaloi and Avtury of the Shali region, the settlements of Pervomaiskoye, Alkhasty, Galashke and others.

"The militants come to a settlement and appoint their man to a high post under the threat of reprisal over local residents. In some cases they force the residents to elect their men to local government," said the representative. A similar attempt was made in Argun on August 20 where militants from the unit of Alaudi Khamzatov seized the local police building and voiced their intention to act as the local commandant's office.

Further on Situation in Argun, West Chechnya

Town 'Sealed Off' by Federal Troops

LD2208082195 Moscow Radio Rossii Network in Russian 0700 GMT 22 Aug 95

[FBIS Translated Text] We begin with a report on the situation in the Chechen town of Argun from our special correspondent Anton Grishin, who reports by telephone on the situation as it stands right now. We apologize in advance for the poor quality of the sound.

[Grishin] Argun is now completely sealed off by federal troops. Russian special purpose units, paratroopers and an Interior Ministry armored group were deployed in the town during the night. Sappers are at work in the liberated Internal Affairs Directorate building. Reinforced checkpoints have been mounted on Argun's high street. Subunits of interior troops are combing the adjacent blocks where, according to preliminary information, about 50 fighters from [field commander Alaudi] Khamzatov's group have dispersed.

Both Aslan Maskhadov [chief of staff of the Chechen armed formations] and Anatoliy Romanov [commander of the combined group of forces in Chechnya] are expected to release an official statement in which they will outline the positions of all of the interested parties.

Operations End; Khamzatov escapes

LD2208110795 Moscow Radio Rossii Network in Russian 1000 GMT 22 Aug 95

[FBIS Translated Text] Our correspondent Anton Grishin, reporting from in Argun, says that he was told in an interview with Lieutenant General Anatoliy Romanov, commander of the combined group of federal forces in Chechnya, that at the present time the situation in Argun is stable. The commander noted that during the operation the population of Argun reacted calmly to events. At this time, Romanov said, all military operations in Argun have ended. Weapons and munitions have been removed. Anatoliy Romanov said that during the storming of the Internal Affairs Department building, the federal forces used combat means selectively; pinpoint strikes were made against places where there were concentrations of militants.

A local woman was wounded as a result of a combat clash; she is now in a military hospital.

An operational investigation has established that Khamzatov, the commander of the militants who in the early hours of Monday seized the Internal Affairs Department building in Argun, escaped from the town during the night, and has fled to the mountains.

When asked by our correspondent if it could be confirmed that Khamzatov's group entered Argun as part of Aslan Maskhadov's convoy, Anatoliy Romanov stated, and I quote: It is not possible to give an unambiguous reply to that question since suspicion falls on a high-ranking official. I cannot make such accusations against him.

Interior Department Cleared of Militants

LD2208105495 Moscow INTERFAX in English 1036 GMT 22 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 22 (INTERFAX) — Sixty to 80 militants, who had seized the building of the local interior department on Sunday, had been eliminated during an operation carried out by the federal troops in the Chechen city of Argun (10 kilometers from Groznyy), the temporary press center of the federal troops' joint command told INTERFAX on Tuesday.

The same source reports that one Russian serviceman was killed, and eight OMON [Special Purpose Militia Detachment] men and four interior troops wounded. Destruction was minimal in the city.

According to the federal troops' intelligence, "in violation of the agreement signed by the delegations of the federal authorities and the Dudayev supporters," Dudayev named Mavsayev as commandant of Groznyy, Gelikhsanov as commandant of Gudermes and Abdulkhadzhiyev as commandant of Shali. Dudayev demanded that the said figures "do what Alaudi Khazatov did in Argun."

Leader of the OSCE mission in Groznyy Sandor Mesaros said that during the operation in Argun "the

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Geneva conventions were strictly observed", which means that the federal troops did not fire at civilians, but executed aimed fire at the enemy's fire emplacements.

Meanwhile, a spokesman for the joint federal grouping told INTERFAX on Tuesday that the building of the Argun interior department had been cleared of militants.

He said the unit led by field commander Khamzatov had been ousted from the building by "precision bombing" and by land forces.

By 8:00 Tuesday, the federal troops had established control over the districts where the militants had been based. OMON units are now combing the city. The operation is to be completed on Tuesday.

A special observation commission is to gather for a regular meeting in Groznyy at 10:00 August 22. It will be attended by its co-chairmen General Anatoliy Romanov and Chief of the General Staff of the Chechen forces Aslan Maskhadov.

Chechen Militant Commander Khamzatov Profiled

LD2108213295 Moscow ITAR-TASS World Service in Russian 1521 GMT 21 Aug 95

[FBIS Translated Text] Groznyy, 21 August (ITAR-TASS) — The Ministry of Internal Affairs of the Chechen Republic has given ITAR-TASS information on Khamzatov, leader of the militants that seized the police office building and hostages in Argun.

The real name of Alaudi Khamzatov, born in 1956, is Supyan, alias "Abrek." According to the information of the Ministry of Internal Affairs of the Chechen Republic, he has several convictions. Khamzatov received his first conviction for persistent hooliganism (Clause 206 of the Russian Federation Criminal Code). When he was released from prison, he was soon on the wanted list again for the premeditated murder (Clause 102) of his mother-in-law in Argun — he chopped off her head. In the town of Gudermes, Khamzatov committed another murder — he killed a mullah. After that he committed robbery with violence against his son-in-law. Khamzatov was detained in the town of Naberezhnyye Chelny while attempting to kill a policeman.

Khamzatov, with eight murders to his name, returned to Chechnya after Dudayev's coup, and became a supporter of the dictator. In the autumn of 1994 he organized the kidnapping of the son of the ataman of the Kizlyar Department of the Terek Cossack troops, who was ransomed by the Cossacks for 500 million rubles.

During combat actions in the period from December 1994, Khamzatov murdered 12 ethnic Chechens in the city of Groznyy and in the Vedeno and the Nozhay-Yurt districts. He personally shot three Chechens in the village of Vedeno, including the brothers Said-Akhmed Adizov and Said-Magomed Adizov, well known Arabists and religious figures in the Arab world.

ITAR-TASS learned that the order to take Argun was given by Dudayev himself. At the same time, he bestowed a higher military rank on Khamzatov. Competent bodies believe that Dudayev was counting on the following: Should the adventure with the capture of Argun fall through, Dudayev will be ready to dissociate himself from the actions of the militants' commander. Should the provocation be successful, similar acts will be carried out in the towns of Shali, Gudermes, and other populated localities.

Militants Seen Trying To Disrupt Disarmament

LD2108123695 Moscow ITAR-TASS in English 1220 GMT 21 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 21 (ITAR-TASS) — The seizure of the police station in Argun, east of Chechen capital Groznyy, by the Alaudi Khamzatov's group is a practical step aiming to disrupt the process of disarming illegally armed gangs in Chechnya, an official of the Russian government's information department Valeriy Grishin told ITAR-TASS today.

Alaudi Khamzatov cites Dzhokhar Dudayev's authorisation of his action, and Dudayev is known to have repeatedly declared his intention to impede implementation of the terms and condition of the military agreement signed between Moscow and the Chechen republic of Ichkeria on July 30, Grishin said. The event in Argun is yet another specific example of attempts made by Dudayev supporters to undermine the peace process in Chechnya.

According to the government information department official, it is now important to see how Chechen military leader Aslan Maskhadov will behave in the obtaining situation.

Grishin stressed that Maskhadov is one of the key figures in ensuring that the militants surrender weapons and his recent intervention in a number of serious situations revealed that he was capable of really influencing the Dudayev supporters.

The act of terror in Argun, according to Grishin, testifies to the fact that a process of redistribution of influence has begun in the Dudayev camp, which can increase the gap between the Chechen general and the field commanders who carried the burden of fighting during

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the armed conflict but who no longer want to continue warfare and seek peace.

Grishin does not think that the situation in Argun should be classified together with Shamil Basayev's act of terror in Budennovsk in June. For this reason he thinks it is unlikely that Prime Minister Viktor Chernomyrdin, who is now on a working tour of Altay territory and the Altay republic, south of western Siberia, will take a direct part in talks with Alaudi Khamzatov's group. The Prime Minister is well informed about the developments in Argun, but his personal participation is hardly necessary because the situation in Argun is controlled by the federal forces, which can use all, including military measures, to free the police station and the hostages held in it, Grishin said.

He said the federal forces will use "tough pressure" against the militants in Argun, but he added that he was confident that "no spontaneous decisions" would be made, and that the probability of the actual use of force was not high.

Confirmation of Report on Czechs Training Chechens

LD2108155095 Moscow INTERFAX in English 1458 GMT 21 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (INTERFAX) — A representative of one of Russia's "power ministries" confirmed today the existence of a report claiming that a group of Chechen fighters is undergoing a training course in a camp for displaced persons near the town of Teplice in the Cerveny district of the Czech Republic.

"We have received this information and we are now re-verifying it," a high-ranking representative of the Russian power ministry said.

The Czech Republic's Embassy to Russia denied the report regarding the "Chechen footprint" today. The Embassy told INTERFAX that after receiving this report from Moscow, Czech Interior Minister Yan Shubert [name and title as received] instructed law enforcement and relevant special units to verify it.

The Czech Embassy said that after a two-hour investigation, the interior minister announced that allegations of a "Chechen footprint" in the Czech Republic were absolutely unfounded.

"We were bewildered or rather shocked by this information. There is not a smallest hint that something similar is happening in our country," Shubert said.

The Czech Republic's Embassy in Moscow said that "possible speculations on this subject cannot bring any benefit to any of the parties."

The Embassy said it was likely not to be a mere accident that the report on the "Chechen footprint" had leaked into the press on the eve of the events of August 1968.

A high-ranking officer from the Russian Foreign Intelligence Service declined either to confirm or to refute the report on the "Chechen footprint" in the Czech Republic in an interview with INTERFAX.

The officer said: "The Foreign Intelligence Service would not confirm this information even if it were true. Intelligence is a strictly confidential channel meant for informing the top political leadership rather than the country's public."

In an answer to INTERFAX's question, a source in the Russian Foreign Ministry said he doubted that the "Chechen footprint" existed precisely in the Czech Republic. "However, there is no doubt that such a trace exists in Europe, in particular in some countries of Central and East Europe," the high-ranking Russian diplomat told INTERFAX.

Basayev's Possible Nuclear Arsenal Considered

MK2208103695 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 22 Aug 95 p 2

[Report by Aleksandr Pogonchenkov: "A Nuclear Bomb in Basayev's Hands: Myth or Reality?"]

[FBIS Translated Excerpt] [passage omitted] Quite evidently, should hostilities resume, the question of "moving the war to Russian territory" will once again be on the agenda. After Budennovsk, only insane people can discard such a prospect. Whether we want to or not, the words of Basayev, who promised to use both nuclear and bacteriological weapons, have to be heeded.

The military has repeatedly stated that the Chechen fighters have chemical and, possibly, bacteriological weapons. The existence of nuclear explosive devices was ruled out from the outset. Is Shamil Basayev bluffing when he says such things? This is unclear. For this reason let us consider the worst-case scenario.

Let us assume that Basayev actually has a nuclear explosive device. In order to determine its type, let us rule out the types of nuclear weapons that cannot be used by the Dudayevites in principle. Silo-based strategic missiles should be rejected right away: Use of such missiles requires not only qualified personnel, but also sophisticated infrastructure. Mobile missile systems are strictly accounted for and the disappearance of even one such system would have been immediately

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discovered. The aviation of the Groznyy regime was destroyed in the very first days of the war and, therefore, its use as a means of delivering nuclear weapons is also out of the question.

This leaves only two possible carriers — the so-called "nuclear artillery" and "nuclear mines." Artillery systems that are capable of carrying nuclear devices have a short range (30-40 km). Given all the nuances of using nuclear weapons, one cannot rule out that its consequences may be felt in Chechnya itself one way or another. For all his "rabid" psyche, Basayev would not venture to do that. What remains then is the sole option of "nuclear mines."

Let us state from the outset: Our newspaper is not going to breach the law "On State and Military Secrets." We will draw in our analysis only on data regarding Soviet nuclear weapons published in the foreign press and a number of domestic publications.

The book "Nuclear Armament of the USSR" by Thomas Cochrane and a group of authors, published in the United States in 1989, contains the following reference: "The Soviet Union in the 1970's may have developed and deployed nuclear explosive devices (or nuclear mines), although there is no accurate information in that regard. Partly declassified U.S. intelligence documents consider such a possibility. One of such document makes reference to an unpublished photograph of a device that appears to be a nuclear mine."

It is well known that there was a principle of parity in the arms race. If either side acquired a new weapon, the other side thought it its duty to develop a similar system. Subsequently, depending on the priorities chosen, work on one project or another could be continued or cut short, but, as a rule, a small consignment of the new weapons always became operational.

What did the nuclear mine that was developed in the United States and was in service with U.S. special-purpose units look like?

The Russian SOLDATY UDACHI [SOLDIER OF FORTUNE] magazine published material on the subject in its August issue. It gives a fairly detailed description of the U.S. "nuclear mine." According to SOLDATY UDACHI's theory, it looked as follows: a cask-shaped demolition charge weighing 19 kg with a diameter of 40.6 centimeters in the middle. The full weight of the container with the demolition charge inside did not exceed 31.6 kg. The author of the article, Roger L. Albertson, asserts that: "The munition was fully autonomous and could be transported in combat conditions by one man, but it took two men to activate the fuses." In its later version, the device looked like a regular soldier's haversack.

From the point of view of a saboteur, which terrorist Shamil Basayev considers himself, this would be the best possible device. It would be sufficient to carry it a respectable distance from his native Ichkeriya — and it would be possible to dictate any conditions to Russia, up to incorporating Moscow into Chechnya as a district capital.

I wish least of all that the worst suggestions should come true, but passing over such a possibility in silence would be doubly criminal. The only way out in this situation, I think, would be to have a government commission urgently inspect the sites for storing domestic analogues of the aforementioned devices. Should there be the slightest suspicion that the Chechen side may have at least one nuclear charge — to take the most radical measures with regard to Basayev and his "Abkhaz battalion." We do not need a nuclear Budennovsk.

Prosecutor General Issues Warrant for Basayev

LD2108193395 Moscow INTERFAX in English 1859 GMT Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (INTERFAX) — Shamil Basayev and 18 known members of his group, involved in large-scale hostage-taking in the Stavropol region's Budennovsk, have been announced wanted by the police. The terrorist attack left more than 100 civilians dead.

The Russian Prosecutor General's Office has issued warrants for the arrest of Basayev and his accomplices, the head of the Budennovsk investigating group, Senior Investigator Anatoly Iskantsev, told INTERFAX on Monday.

"We have established the gravity of the crimes committed by these gang members and proclaimed them wanted across all of Russia. Now all law-enforcement bodies on the territory of Russia have the right to take all measures envisioned by the law to arrest these people," he said. The names of another 21, out of a total of 120 to 150 criminals, has been learned, he added.

Iskantsev expressed amazement concerning media coverage of the terrorism story, especially television, in as they practically "make Shamil Basayev into a hero in their reports," dealing a serious psychological blow to those affected. He noted that such reports also harm investigation efforts because victims fear giving testimony.

Iskantsev said the Prosecutor General's Office had virtually completed investigating a negligence case,

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under article 172 of the Russian Penal Code, against five policemen stationed at the Zaterechnyy checkpoint who allowed the terrorists to enter the town. The court will hear the case within the coming days, he added.

Iskantsev said it was too early to speak of the scale of the damage inflicted by the Budennovsk tragedy, he said that about 80% of relevant materials have been studied. "We are waiting for the results of a wide-scale psychological and psychiatric expert evaluation which will reveal the number of persons affected over those tragic days and create legal grounds to recognize them as affected," he said.

Politics and Nationalism

Mikhaylov Comments on Chechnya, Russian Nationalism

AU2108200195 Hamburg DER SPIEGEL in German 21 Aug 95 pp 126-127

[Interview with Nationalities Minister Vyacheslav Mikhaylov by an unidentified correspondent; place and date not given: "Everything Failed Because of Dudayev"]

[FBIS Translated Text] [DER SPIEGEL] Vyacheslav Aleksandrovich, President Yeltsin has threatened the Chechens with war once again. Were your negotiations in vain?

[Mikhaylov] They were a success, and our president is not threatening anyone with war. We reached a peaceful settlement of the military conflict: a cease-fire, the disarming of illegal combat units, and the withdrawal of Russian forces in stages. We even toasted the agreement with a glass of champagne.

[DER SPIEGEL] But there is still shooting in Groznyy. The exchange of prisoners, disarming, and troop withdrawals have come to a standstill. Did you celebrate too soon?

[Mikhaylov] In any event, we noticed quite soon that the implementation of the agreement was dragging on. For example, we suspected that the Chechens had 56 prisoners; their chief negotiator even talked of 84. However, when the exchange was to start according to the principle of "all in exchange for all," the other side suddenly only produced seven men. In the meantime, it is at least 25 again. The exchange of military data and maps — on, for example, mine fields — has still not started. The Chechens have cited technical reasons....

[DER SPIEGEL] ....and you do not believe that?

[Mikhaylov] Dudayev has changed the results of the negotiations by 180 degrees on his defense council. Now only Dudayev's opponents are supposed to hand in their weapons. Shamil Basayev's entire team....

[DER SPIEGEL] ...the Budennovsk hostage taker who forced the negotiations to come about as a result of his actions.

[Mikhaylov] His name has been crossed off the list of wanted criminals and now appears on the list of honor of the "eternal sons and daughters of the Chechen nation."

[DER SPIEGEL] Did you seriously believe that the Chechens would become involved in the search for Basayev even though he is considered to be a national hero?

[Mikhaylov] I have a document that Dudayev himself signed on the composition of the Chechen delegation. In it, he confirms that he accepts all the results approved by his five envoys. That is the case with our agreement.

[DER SPIEGEL] Was not the actual goal of your talks in Groznyy to isolate Dudayev, who had been declared an enemy of the Russian state, to exploit internal Chechen differences, and to achieve acceptable results with more willing partners.

[Mikhaylov] The state prosecution service has initiated a nationwide search for Dudayev. Dudayev cannot be declared a criminal until a sentence has been passed by a court. Before the negotiations, my deputy, Arkadiy Volskiy, even met Dudayev to establish what his position was. It became apparent that he would only torpedo everything. It is no secret that during the negotiations, we turned to other forces, to, for example, field commanders who were are more prepared to reach a compromise than Dudayev.

[DER SPIEGEL] Do you still see a political future for Dudayev?

[Mikhaylov] There is no hope of being able to reach agreement with him on basic issues.

[DER SPIEGEL] But Dudayev still possesses real power, otherwise you wouldn't be negotiating with his representatives.

[Mikhaylov] He has an influence over part of the commanders, on those who do not want a reconciliation. They still control about a quarter of Chechen territory.

[DER SPIEGEL] Does it not make your negotiating task more difficult if President Yeltsin and Prime Minister Chernomyrdin call the Chechen leaders bandits?

[Mikhaylov] As a representative of the executive, I have to negotiate with everyone, with criminals, bandits, even the devil if what is at stake is the peaceful settlement of conflicts.

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[DER SPIEGEL] So far, the extent to which the Chechen Republic is to be independent remains unclear. How and when do you want to resolve this sensitive issue?

[Mikhaylov] In our opinion, "independence" can only be discussed in the context of a united state. Any special features concerning the status of the Chechen Republic should be discussed after new elections — in line with the right to self-determination, international human rights norms, and in accordance with the Russian Federation's Constitution and the Constitution of the Chechen Republic.

[DER SPIEGEL] Does the Russian Army not feel that it has been cheated of victory by the agreement? There can be no talk of the unconditional capitulation of the Chechens.

[Mikhaylov] There are some who do believe that. However, the idea of being cheated of victory is something that is also heard on the Chechen side.

[DER SPIEGEL] Your deputy, Arkadiy Volskiy, has talked of a "war party" in Moscow. Could you tell us who heads that party?

[Mikhaylov] Unfortunately, that is something that no one knows. It is a very strange party. In the Duma, 89 deputies voted in favor of "destroying the enemy in his own nest." Should one include them as members of that party?

[DER SPIEGEL] A view that is more widespread in Russia is that it would also have been possible to achieve a compromise with the Chechens without a war.

[Mikhaylov] Yes, a compromise would have been possible in 1991-92. However, the prospects diminished in view of the extent to which the Chechens armed themselves. Dudayev only wanted to negotiate with people who had the same status as he had, with Yeltsin or at least Chernomyrdin. Moreover, he only wanted to negotiate as the representative of an independent state. Everything failed because of Dudayev.

[DER SPIEGEL] Tens of thousands of deaths in a brutal war against a small people — is there really no one in Moscow who should be made to shoulder responsibility for that?

[Mikhaylov] The term "war" is inaccurate. The federation forces carried out their mission, which was to disarms illegal armed units. They performed their duty. However, as far as human rights violations are concerned, there is a lot for which responsibility has to be shouldered and punishments meted out. Sooner or later, every detail in this drama will have to be investigated. There is an appropriate Duma resolution.

[DER SPIEGEL] We find it unlikely that that will happen in Russia, where there are explanations for very little and much is kept under wraps.

[Mikhaylov] Victims among the civilian population are already the subject of a prosecutions service investigation.

[DER SPIEGEL] The Chechen adventure cost the Russian state 40 million dollars for every day of the war. Why should so much be spent on preventing one of the poorest regions of the former Soviet Union embarking on the path to independence.

[Mikhaylov] I can neither confirm or deny that figure although it is mentioned frequently. During the dramatic days of the terrorist hostage-taking in Budennovsk, Shamil Basayev proposed to our prime minister over the telephone that a referendum should be held in Russia on whether Chechnya should remain a member of the federation or not. That was a cunning move: It might be the case that 50 percent of the Russians would now vote to exclude Chechnya....

[DER SPIEGEL] Why should that not be allowed to happen if that is what a majority of both peoples wants?

[Mikhaylov] That kind of viewpoint is alien to me. As far as I am concerned, Russia is and will remain a united country. History has wanted the Caucasus to be a part of Russia. Neither the United States nor France or any other state would permit or even consider allowing part of its territory to become independent.

[DER SPIEGEL] You said that the Russian Federation is not a room than one can simply enter or leave. So, you do not appear to think much of smaller peoples right to self-determination?

[Mikhaylov] Self-determination must allow a people to enjoy full development but within the framework of a united state. A total of 156 different peoples live in Russia. Does that mean that there should be the same number of new states?

[DER SPIEGEL] Anyone who wants to proceed in such a direction must be allowed to do so.

[Mikhaylov] Eighty-two percent of the Russian population is Russian. According to international standards, we are a one-nation state.

[DER SPIEGEL] Nationality issues were already dealt with by the CPSU Central Committee. At that time, did you believe that the supposed eternal friendship of the Soviet peoples could turn into ethnic conflicts and bloodshed so rapidly?

[Mikhaylov] To be frank, no. However, the basic principle has not been violated to this day. In Chechnya

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too, we are not dealing with an ethnic conflict. Many Russians had to flee Chechnya because there were negative social, economic, and political developments and not because friendship between Russians and Chechens ended. The conflict in Chechnya is purely a constitutional conflict prompted by a military putsch carried out in the name of independence and against the integrity of the Russian state.

[DER SPIEGEL] Do you think that the collapse of the USSR is a historical loss?

[Mikhaylov] The dissolution of the Soviet Union was not something inevitable. It was Russia that made the first and greatest mistake by placing its national law above that of the union. Today one knows that its loss is a loss for everyone.

Maskhadov Seen Emerging as Future Chechen Leader

MM2108133895 Moscow KRASNAYA ZVEZDA in Russian 19 Aug 95 p 1

[Report by Vladimir Gavrilenko and Anatoliy Stasovskiy: "Chechnya: No Weapons in the Future. Disarmament Creates Prerequisites for Successful Political Settlement of Chechnya Conflict"]

[FBIS Translated Text] The handover of weapons by the illegal armed formations, which has begun in Chechnya, is undoubtedly a most gratifying fact. But it should not be overstated. Remember how Shura Balaganov in Ilf and Petrov's "Golden Calf" divided up the money — this is for me, this is for me too, and this is for Panikovskiy? Something similar is happening now, in our view. The weapons that are being handed in are just the notorious Panikovskiy's share....

Even on television it is easy to make out the many captured automatic rifles, machine guns, and damaged mines.... And the gunmen were using these weapons against the federal troops? Where are the 5.45-mm Kalashnikovs, the recoilless guns, the mortars, the antitank guided missiles, the mobile surface-to-air missile systems, and much, much more? They are not in evidence as yet. And we think they are unlikely to be.

Nonetheless, it is to be hoped that the "process is under way" in eastern parts of Chechnya and has become irreversible, and that some of what has been concealed may soon perhaps begin to be handed in, after the appropriate talks. The situation is quite different in the western and southern parts of Chechnya. There the "hard-liners" are not only not thinking about implementing the disarmament agreements, but are again conducting active hostilities against the federal forces. On the outskirts of Achkhoy-Martan, for instance, the troops were forced to take appropriate measures.

The fact that in certain areas weapons are being handed in while they are being used everyday in others shows that the Dudayevite forces themselves in Chechnya are nonetheless starting to polarize. Primarily in terms of their attitude toward the future. Since some of them already have places to go back to and time to return — their neglected land, their machine tools, their families.... But others have nobody and nothing waiting for them. Except, perhaps, political oblivion, exile, or even jail. Such people most probably make up the bulk of the "hard-liners" in Chechnya.

Against that backdrop the figure of Aslan Maskhadov is becoming increasingly notable. Primarily because he is usually "frank" in his actions. Like it or not, he is gradually overshadowing Dudayev. In this situation even the Russian side, which accepts his activeness and interest, can see the chief of staff of the Chechen formations as a future Chechen leader. It cannot be ruled out that Aslan Maskhadov realizes this himself. Perhaps he is deliberately hanging on to the secret idea of laying the fruits of all these efforts at the feet of "his" president. After all, the question now is — what is the relationship between Maskhadov and Dudayev? Nobody knows except the individuals themselves.

One way or another, the implementation of the package of military agreements is now under way. This makes it possible to embark at the Groznyy talks on the examination of political problems. It is already clear that the discussion will not be easy. Admittedly, certain informal Chechen associations are making some pretty vital and interesting suggestions. For instance, the participation of Chechen voters (having nominated their representatives) in the December Duma elections. It remains to be hoped that all this will not be overlooked by the Chechen delegation at the Groznyy talks.

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CIS Countries' Debts to Russia Total $5.6 Billion

MM2108155095 Moscow ROSSIYSKAYA GAZETA in Russian 18 Aug 95 p 15

[Unattributed report from "Finance and Credits" column: "Debts to Us Are Heavy"]

[FBIS Translated Text] As of the middle of this year, the total volume of credits granted by Russia to the CIS states amounted to a sum equivalent to more than $5.6 billion. In 1995 these countries are to pay back to Russia a sum equivalent to $769 million by way of extinguishing part of the main debt and paying interest.

ITAR-TASS Carries Press Review for 22 Aug

LD2208055995 Moscow ITAR-TASS in English 0421 GMT 22 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 22 (Itar-Tass) — Newspapers inform in detail their readers of events in Argun, a suburb of the Chechen capital Groznyy, where 300 "irreconcilable" rebels captured the district police department.

Commenting on this new sally by Chechen gunmen, the army newspaper KRASNAYA ZVEZDA draws the following conclusion: "A trend for the dictate of terrorists continues in Chechnya. Its danger is that the initiative is always in the hands of terrorists.

"It looks like Dudayev's supporters stick to the old principle of actions: to hold in suspense the political leadership, the group of federal forces and the population not only of Chechnya but of all Russia".

The KOMSOMOLSKAYA PRAVDA newspaper carries an interview with Arkadiy Volskiy, member of the Russian delegation at the talks in Groznyy, who bluntly disagrees with allegations by journalists that "there is not a slightest sign of pulling out of the crisis thanks to the signed agreement" and that something of "a Brest Peace" was signed with Chechnya.

"Russia has not made a single concession by signing this document," Volskiy claims. "This peace which is now being assiduously criticised, was signed according to a classic scheme. I do not regard it either wretched or miserable, although I do not preclude a chance that we shall have to do some finishing touches."

In Volskiy's opinion, "all present talks about a defeat of the Russian army are nothing but a propaganda campaign during the election struggle. Reason No. 2 is a desire to drive a wedge between Yeltsin and Chernomyrdin."

Under the headline "Ivan Rybkin is still marching to elections", the trade union newspaper TRUD runs a brief account of a news conference by the State Duma (Russian parliament lower house) speaker who heads the centre-left bloc.

According to Rybkin, such mass associations as Regions of Russia, My Homeland, the Russian Youth Alliance, organisations of veterans and invalids remain the backbone of his bloc.

KOMSOMOLSKAYA PRAVDA features an article devoted to the first month of work of Mikhail Barsukov as the head of the Federal Security Service (FSS).

Referring to Kremlin sources, the daily writes that, "after agreeing to head the FSS, Barsukov received a carte blanche from Boris Yeltsin to reinforce the subordinated structure and to restore, at least partially, the past might of Russian state security bodies.

"This is corroborated by the first steps of the general who quickly returned the famous Alfa group to the FSS from the Chief Bodyguard Administration."

KOMSOMOLSKAYA PRAVDA calls attention to the fact that Barsukov strictly recommended that his subordinates limit any contacts with the press.

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Envoy Meets Croatian, Bosnian Leaders on Peace Plan

Consults With Granic, Sacirbegovic

LD2108171895 Moscow ITAR-TASS in English 1638 GMT 21 Aug 95

[By Andrey Naryshkin]

[FBIS Transcribed Text] ZAGREB, August 21 (Itar-Tass) — Russian presidential envoy Aleksandr Zotov on Monday held separate consultations with Croatian and Bosnian foreign ministers to brief them on new Moscow peace initiatives.

Croatia's Mate Granic said Zagreb considered to be most productive those aspects of the new plan which provided for Croatia's territorial integrity and mutual recognition of all republics within the former Yugoslavia.

Bosnia's Muhamed Sacirbegovic noted that "Russia was likely to exert pressure on the Serbian side." He also said that "Russians are now to find a way to make the Serbs accept the peace plan."

Briefs President Tudjman

LD2108163495 Moscow ITAR-TASS in English 1612 GMT 21 Aug 95

[By Andrey Naryshkin]

[FBIS Transcribed Text] ZAGREB, August 21 (Itar-Tass) — Russian President Boris Yeltsin's special envoy met on Monday Croatian President Franjo Tudjman to brief him on a new Moscow peace plan before a meeting of the international Contact Group on Bosnia scheduled for August 28.

Aleksandr Zotov, representing Russia in the group, studied Croatian approaches to the comprehensive political settlement of the Bosnian crisis and said there was a hope for "productive movement towards normalisation".

Speaking to the press, Zotov said that the conversation involved a broad range of problems, including Russian and US initiatives on the regional settlement, and urged not to oppose them to each other.

"On the contrary, it would make sense to make them, as well as West European ones, complement each other. Currently, there is a real opportunity to change the situation. In this sense, the results of our meeting with Tudjman inspire hope for productive movement towards normalisation," he said.

Zotov said he also planned to meet Serbian President Slobodan Milosevic in Belgrade. "I have an impression that it is time to talk seriously on lifting sanctions from Belgrade. It seems that Milosevic is prepared for major steps towards peacekeeping. There are some problems in Serbian-Croatian relations but I would not describe them as insoluble," Zotov said.

In an exclusive interview with Tass, Zotov said "the Americans follow in the footsteps of our initiative. We do not try to contrast the Russian initiative with the American one, to 'drive them to different sides of a play ground'. We view Washington proposals as a support (helping) to achieve any progress."

At the same time, Moscow is somewhat critical of "certain elements of the American approach," Zotov said. "I do hope that the alternative (the use of force) is tied to the internal political situation in the U.S. A failure of peace efforts should not necessarily trigger the mechanism of the use of force.

"When looking at the political component of the American proposals in the light of our plan, I would say that we appreciate the very readiness of Washington to boost its efforts.

America can slow down the peacemaking process, and we in the contact group have felt it when Washington made a pause for a while. I think, now attitudes of the Americans, their efforts to normalise the situation are positive and in line with our vision that the peace problem at the Balkans should be handled decisively and brought to a final solution."

Diplomat: Balkan Crisis Must Be Resolved by Mid-Oct

LD2108170395 Moscow INTERFAX in English 1550 GMT 21 Aug 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 21 (Interfax) — The Yugoslav crisis must be resolved before mid-October and Russian President Boris Yeltsin's proposal that the world powers should hold a summit meeting with Bosnian warring factions and Yugoslav, Croatian and Bosnian presidents in attendance will be put into effect by that time, a close associate of Foreign Minister Andrey Kozyrev told Interfax.

He did not rule out the possibility that this meeting will be held in Moscow. "In any case, our German colleagues in the contact group which also includes the U.S., Britain and France, have supported the nomination of the Russian capital," the diplomat said.

In his words, the group's political directors of foreign ministries will meet, most probably in Geneva, this week.

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In his words, Russia will be represented there by Aleksandr Zotov, Russian president's special envoy on the Yugoslav crisis, who flew to the crisis area Sunday and will proceed to Geneva later.

A meeting of the contact group's foreign ministers in Paris or, which is more likely, in Geneva at the end of August or early in September will be the next stage in the preparation for the summit, the diplomat said.

In his words, all the warring faction except Alija Izetbegovic, the leader of Bosnian Moslems, are prepared to compromise and support the peace initiative that are known as the U.S. peace plan.

The diplomat says that the plan is as much Russian as it is U.S., the latter just having made it public. In his words, the plan embodies the efforts made by the whole of the contact group over a year.

The diplomat recalled that as far back as a year ago Russia called for enabling Bosnian Serbs to enter confederative relations with Yugoslavia. The Moslem-Croatian federation has been given the right to establish similar relations with Croatia.

The diplomat said that the Russian diplomats, directly involved in search for ways to resolve the crisis, are not jealous of their American colleagues. He added that while a defeat is an orphan, the victory had thousands of parents. What is important for us is to have a just peace in the Balkans soon, the diplomat explained.

According to the diplomat, 60 to 90 days that the retreat of the troops to be agreed at the October summit will take, the countries represented at the summit will ask the UN Security Council to lift the international sanctions against Yugoslavia. [sentence as received]

We, he said, that the former Yugoslavia's republics will leave wars and conflicts behind them in 1996.

Contingent of Observers To Leave for Slavonia

LD2108114995 Moscow INTERFAX in English 1101 GMT 21 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (Interfax) — A Russian working commission which will involve representatives of the defense and foreign ministries is to go to the area of deployment of the Russian peacekeeping battalion in Slavonia (Croatia).

Deputy commander of the Russian airborne troops in charge of peacekeepers, Major-General Nikolay Staskov, told Interfax Monday that the date for the commission's departure will be set "next week, after the UN Security Council's session, which will consider the status of the international peacekeeping contingent in Croatia."

According to the general, members of the commission are expected to discuss with Croat representatives and with leaders of the Krajina Serbs how to ensure safety for the Russian peacekeeping battalion in Slavonia.

Staskov believes that if the UN Security Council decides to close the Vostok sector in Croatia, where the Russian peacekeepers are deployed, the Russian paratroopers will be withdrawn from this region.

Staskov said that the situation in the area of the Russian "blue helmets" deployment "was rather calm" last Sunday.

All in all, around 1,500 Russian paratroopers are deployed in the former Yugoslavia as part of the international peacekeeping contingent.

Defense, Foreign Ministry Officials To Visit Croatia

LD2108170295 Moscow INTERFAX in English 1550 GMT 21 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 21 (Interfax) — A delegation of Russian Defense and Foreign Ministry officials is planning a visit to Croatia in the near future to discuss matters related to the possible withdrawal of the UN peacekeeping force, Interfax was told Monday by a high-ranking Foreign Ministry official.

He stressed that the question of withdrawing Russian peacekeepers from East Slavonia, Croatia, is not on the agenda today. "It is a different matter that after the recent developments in Serbian Krajina one should be ready for any option," the diplomat said.

In its blitz against the self-proclaimed republic of Serbian Krajina the Croatian government regained control over the territory while scores of thousands of Serbs fled to Bosnia and Yugoslavia.

The diplomat reported that the envoy of the UN Secretary-General to the former Yugoslavia Yasushi Akashi sent a letter to Butrus Butrus-Ghali on the pullout of peacekeepers from Croatia. "This would be the withdrawal of all peacekeepers from Croatia, including the Russian contingent even though it is stationed in the eastern sector which remains under Serbian control," the official said.

The Russian Foreign Ministry is familiar with only an outline of Akashi's proposals and hopes to get the details soon. "It seems that the proposals imply the replacement of peacekeepers by international military, police and civilian observers," the source added.

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"Moscow has not decided yet what should be done with the peacekeepers and will act according to the circumstances," the diplomat said. The Belgians, for instance, have declared their intention to keep their battalion in Croatia.

The ministry official said the conflicting sides want Russian peacekeepers to remain in East Slavonia. "The Serbs think that our presence will stop the Croatian plans of reintegrating the area by force, while the Croats believe that the presence of the Russians will have a restraining effect on Serbia and prevent it from resorting to carpet bombing, if an open military clash breaks out between Zagreb and Belgrade," the diplomat said.

According to him, Russia has no intentions of playing the games of the conflicting sides. "The main thing for us is to keep the lives of our people and civilians, to work for a speedy and fair settlement in the Balkans," the source stressed.

The official said that if the international community decided to withdraw all of the U.N. forces from Croatia, this would take several months. "Not only servicemen but also armaments, communications, etc. will have to be pulled out. In fact, our representatives are going to visit Croatia precisely in order to clarify these problems," the ministry official said.

Deputy commander of the Russian airborne troops in charge of peacekeepers, Major-General Nikolay Staskov, told Interfax today that the date for the Russian representatives' departure will be set next week.

He said the date would be fixed after the UN Security Council's session, which will consider the status of the international peacekeeping contingent in Croatia." [quote mark as received]

Staskov said that if the UN Security Council decided to close the Vostok (East) sector in Croatia, where the Russian peacekeepers are deployed, the Russian paratroopers would be withdrawn from this region.

All in all, around 1,500 Russian paratroopers are deployed in the former Yugoslavia as part of the international peacekeeping contingent. About 1,000 of the Russian paratroopers are deployed in the Vostok sector.

Steps Planned To Lift Yugoslav Sanctions, Renew Ties

MK2108131095 Moscow SEGODNYA in Russian 19 Aug 95 p 1

[Report by Vladimir Abarinov: "Russia and Serbia Plan To Restore Economic Ties 'Full Scale.' Russia Incurs Losses, But Cannot Calculate Them"]

[FBIS Translated Text] The first meeting of the intergovernmental Russian-Yugoslav committee on trade, economic, and science-and-technology cooperation is due to take place in Moscow Monday [21 August]. According to a high-level official of the Foreign Economic Relations Ministry [MVES], who asked not to be identified, the two sides plan "to restore full-scale mutual trade and the entire range of economic ties," INTERFAX reported. Preparations are being made for the signing of a large package of documents, including agreements on Russian oil deliveries and the construction of gas pipelines on the territory of the Union Republic of Yugoslavia [Serbia and Montenegro]. According to the MVES, because of its participation in the international sanctions regime, Russia incurs annual losses of about $5 billion. The official asserted that, before the sanctions were imposed, the annual trade turnover between our two countries amounted to $7 billion, of which Russian exports accounted for 80 percent. Nonetheless, as MVES officials see it, Russia also benefited from Yugoslavia's negative trade balance as it received "quality consumer goods" in exchange for energy resources.

It is quite evident that the meeting of the intergovernmental committee will be held in order to follow through on Boris Yeltsin's threat of Russia's possible unilateral withdrawal from the sanctions regime. Even if the contracts scheduled for signing have an open date, the measure is clearly a demarche in essence. What is worth noting, however, is the estimate of Russian losses. In December 1992, when the Supreme Soviet heatedly discussed this matter, the MVES cited much more modest figures. According to its fact sheet submitted to legislators, damages, including opportunity costs, that is, refusal to sign new contracts, did not exceed $2 billion. The calculations were made extremely conscientiously: They made provision for penalties paid to Yugoslav companies in connection with putting on hold the reconstruction of the Russian State Library and the Treatment-Diagnostic Block of the Botkin Hospital. Still, the Russian Foreign Ministry took issue even with that estimate. In the view of the diplomatic ministry, it did not account for the actual hard-currency and export potential of Yugoslavia, which "was considerably undermined by the disruption of economic ties in the former Yugoslavia, huge costs and losses caused by war, and its

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deepening economic isolation from the outside world." In addition, Russia's debt to Yugoslavia, the repayment of which was frozen in connection with the sanctions, reaches $1.6 billion — therefore, the Foreign Ministry concluded, "a major part of the so-called opportunity costs would have been spent to pay off the debt."

Andrey Kozyrev's ministry specifically emphasized at the time that the imposition of sanctions "sobered up the extremist nationalist forces in Serbia to a certain extent, demonstrated the inconsistency of their line, and created prerequisites for strengthening the positions of sound forces aiming at a peaceful settlement, which are rallying around Yugoslav President D. Cosic." Now, as we can see, Moscow has chosen the exact opposite method of "sobering up."

Sanctions Cost Moscow $5 Billion

LD2208104695 Moscow INTERFAX in English 1030 GMT 22 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (Interfax) — Belgrade has lost $35 billion and Moscow loses $5 billion annually as a result of economic sanctions against Yugoslavia, the Russian-Yugoslav Committee for Trade, Economic, Scientific and Technical Cooperation told Russian and foreign reporters during its first session.

The session opened in Moscow on Monday evening under the co-chairmanship of Russia's First Deputy Economics Minister Andrey Shapovalyants and Yugoslavia's Minister for Trade Jordje Siradovic.

Both co-chairmen told Interfax in an exclusive interview that the sides would use diplomatic channels to get the sanctions against Yugoslavia lifted.

Moscow and Belgrade believe that Yugoslavia is implementing all of the U.N. recommendations on stopping ethnic conflicts in the region.

Siradovic expressed hope in an interview with Interfax that Russia would manage to convince the world community that economic sanctions against Belgrade were no longer expedient.

In the estimate of Shapovalyants, this goal may be attained not earlier than in a six months' time.

The session will last until the end of the week. According to Interfax sources, the Committee is to draft a package of documents which are to be signed by Moscow and Belgrade only after the world community lifts economic sanctions from Yugoslavia.

Daily Views Moscow, Washington 'Race' in Balkans

MK2208101495 Moscow MOSKOVSKAYA PRAVDA in Russian 22 Aug 95 p 1

[Commentary by Mikhail Stakhov: "Hot Spot. A Race"]

[FBIS Translated Text] The tragic death last weekend of three American diplomats who were, as part of the mission of Richard Holbrooke, aide to the U.S. secretary of state, on their way to Sarajevo in hopes of persuading Muslim leader Alia Izetbegovic to agree to Washington's plan, served as another reminder of how dangerous is the bomb planted in the Balkans conflict. This tragedy (the armored personnel carrier with the Americans hit a land mine) in some manner sounded a warning to politicians of the Contact Group countries, who have started another round of diplomatic activity following fruitless efforts to settle the conflict.

This race, primarily a race between Moscow and Washington, has begun at perhaps the most dramatic period of the Balkans conflict. In the wake of the successful Croat offensive, the Bosnian Serbs are concentrating forces for a powerful counter strike, which may result in wide-scale military operations, where diplomacy may prove powerless.

After Moscow decided to take the initiative by offering a summit on a Balkan settlement, Washington, unwilling to let the Kremlin have the peacemaking laurels, advanced a counterplan right away which, analysts note, was a rehash of old ideas with the exception of some points regarding swapping territories.

The diplomatic tug-of-war between the Kremlin and the White House results to a certain degree not only from external, but also from internal considerations — lawmakers opposed to the executive branches in both countries are taking opposing stances on the Balkans conflict — which explains both the decision by the Congress to lift the embargo on arms supplies to Bosnia, and the Duma's decision on the unilateral withdrawal from the sanctions regime against Yugoslavia and the imposition of unprecedentedly tough sanctions in regard to Croatia. There are grounds to believe that the Russian president will hurry to lift the sanctions against Belgrade, leaving this as a warning to the Americans.

The more so because he has the moral grounds for doing so. Washington is rather openly using the "double standard approach" in the Balkans. Characteristic in this sense is what was said by retired U.S. Air Force General Charles Boyd, who served in Europe and "watched this war at close range." In his words, while expressing a desire to stop the war through talks, Washington is trying to influence the process in such a way that the Muslims will win. This double-barrel approach, he

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notes, so crude and obvious to everyone, promotes the continuation of the conflict.

In order to smooth over such an impression and to lend its policy a more balanced character, Washington is hurrying to talk the Croats and the Bosnian Muslims into accepting its plan, expecting that Moscow, for its part, will put pressure on the Serbs so that they will be more amenable.

In the meantime, the leadership of the UN peacekeeping forces has made a decision that may signify more active interference in the Balkans conflict by the NATO rapid reaction forces in the future — the UN "blue helmets" contingent may be cut in half.

Chernyshev Confirms Negative Attitude to PRC Tests

LD2108171095 Moscow INTERFAX in English 1550 GMT 21 Aug 95

[Report by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] [Russian Deputy Foreign Minister] Chernyshev said that Russia and Kazakhstan condemn the recent nuclear test conducted in China.

He said that during the August 17-19 visit to Kazakhstan by the Russian government delegation headed by Deputy Prime Minister Aleksey Bolshakov the sides worked out "an agreed on position" giving a negative assessment to the nuclear tests conducted by China.

Kazakh Foreign Ministry followed Russian Foreign Ministry in strongly condemning the Chinese nuclear tests, said Chernyshev.

Russia and Kazakhstan stated that the actions of the Chinese government "are harmful for the interests of the whole international community," he said.

Envoy to Japan Expresses Worry

LD2108215595 Moscow Voice of Russia World Service in English 2100 GMT 21 Aug 95

[FBIS Transcribed Text] Russia, as well as Japan, is seriously worried about last week's nuclear test carried out by China and its standpoint on the matter. This was announced by the Russian ambassador to Tokyo, Ludvig Chizov, during his meeting with the Japanese foreign minister Yohei Kono. Mr. Yohei Kono also had separate talks with the ambassadors from the United States and Britain.

Nuclear Nonproliferation Monitoring Method Developed

MM2108123595 Moscow RABOCHAYA TRIBUNA in Russian 18 Aug 95 p 6

[Report by unidentified ITAR-TASS correspondent from "Industrial Herald" section: "In Footsteps of Hot Particles"]

[FBIS Translated Text] Snezhinsk, Chelyabinsk Oblast — An effective method of monitoring the nonproliferation of nuclear weapons is being developed by Russian scientists from the federal nuclear center. This was reported in an interview with an ITAR-TASS correspondent by Rodion Voznyuk, chief of the all-Russian technical physics scientific research institute's systems developments center.

The problem of fighting the proliferation of nuclear weapons and nuclear terrorism remains a topical problem for the world community, the scientist stressed. The International Atomic Energy Agency is monitoring the production, recording, and movement of fissionable materials used to create nuclear weapons. This gives grounds for hoping that nuclear weapons cannot be created "unnoticed." But when you consider that with the development of atomic energy a large quantity of fissionable materials are in circulation in the world and also the widespread dissemination of information about the technology and physics of nuclear weapons (much has ceased to be secret including even some weapons technologies) it has become substantially easier than before to obtain nuclear weapons.

That is why monitoring the movement of fissionable materials on its own is not enough. The monitoring system has also included undeclared weapons activity in other words the underground production of nuclear weapons — if the state does not declare such activity yet it is being carried out.

The method proposed by the Russian federal nuclear center scientists presupposes an analysis of so-called hot particles. Specialists know that during the experimental development of a nuclear explosive device various materials are discharged which have acquired an entirely specific structure and properties characteristic only during research into the creation of weapons.

Special methods are being created for analyzing the environment providing very precise evidence of the direction and purpose of the research. We have advanced this work quite far and not only on the theoretical plane.

Soon International Atomic Energy Agency inspectors are to visit Snezhinsk and they will take part in the

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practical part of research. A representative Russian-American seminar on the nonproliferation of nuclear weapons will be held here. At the meeting it is planned to deliver a special report on the results we have obtained from our work, Rodion Voznyuk announced.

Diplomat: Iraqi Army Would Spurn 'Cosmetic Coup'

MM2108195595 Moscow IZVESTIYA in Russian 22 Aug 95 pp 1, 2

[Report by Elmar Guseynov: "Saddam Husayn Intended To Flee to Morocco, While in August He Planned to Repeat His Push on Kuwait"]

[FBIS Translated Excerpts] Iraqi President Saddam Husayn inquired into the possibility of receiving political asylum in Morocco. And that country's King Hassan II guaranteed the Baghdad leader his patronage and protection.

A report to this effect, citing authoritative Arab and Western sources, was transmitted last week by the Arab radio station Al-Manar, which broadcasts from east Jerusalem. The station is known for the sensationalism of its often unchecked stories. [passage omitted]

Our correspondent Konstantin Eggert was told in the Russian Ministry of Foreign Affairs that the ministry possesses no information about Saddam Husayn's proposed emigration. On the whole the appearance of such reports was not difficult to predict. The flight of the Iraqi president's sons-in-law gives all the opponents of the Baghdad regime a pretext to try to influence the political situation in Iraq. Psychological warfare plays the major role here, since the opposition has practically no influence inside the country.

In the opinion of a well-informed Arab diplomat, a whole war of rumors about the conflicts tearing apart the Iraqi ruling regime should be expected. Our interlocutor believes that in the event of a battle for power the Army's stance will prove decisive, and it will not necessarily support a "cosmetic coup" designed to replace Saddam with one of his relatives.

Weapons Pullout From Moldova To Start 'Shortly'

LD2108171795 Moscow ITAR-TASS in English 1710 GMT 21 Aug 95

[FBIS Transcribed Text] CHISINAU, August 21 (Itar-Tass) — Russia will shortly pull out its weapons and materiel from Moldova's Trans-Dniester region, a press centre for an operational group in command of Russian troops in the region reported on Monday. The report quoted Lieutenant-General Valeriy Yevnevich, the group commander, as saying that the first batch of weapons and materiel would be withdrawn to Russia on August 25.

Russian troops are currently making up four trains with military cargo which will depart for Russia before mid-September, the report said.

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Political Issues

Yeltsin Approves Changes in Law on 1995 Budget

LD2208105895 Moscow INTERFAX in English 1004 GMT 22 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 22 (INTERFAX) — Russian President Boris Yeltsin signed a decree on making changes to the law on the 1995 federal budget today, the Russian president's press service told INTERFAX.

The same source said Yeltsin also signed a law on social protection for victims of radioactive contamination following nuclear tests at the Semipalatinsk testing site (Kazakhstan).

The same source said Yeltsin turned down several federal bills today, including the laws on social protection for disabled persons, on environmental surveying, on changing and amending the laws on worker compensation by employers for work-related injuries, on state regulation of alcoholic beverage production and trade.

The same source said the president explained his move by saying that the rejected bills contradict with the Russian Constitution.

Yeltsin Consults Businessmen on Security Concerns

MM2208083295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 22 Aug 95 p 1

[Unattributed report: "President Gives Instructions To Study Situation With Bankers"]

[FBIS Translated Text] As you know, the "Russian Business Roundtable" [RBR] has put a number of concrete proposals to Russian President Yeltsin regarding enhancement of the level of business security and intensification of the fight against crime. Having studied the Russian business elite's demand for the resignation of the acting general prosecutor and its proposals, the Russian president instructed his aides to hold consultations with the RBR in order to study the entrepreneurs' recommendations in greater detail and approved the roundtable's idea of adopting a Charter of Business Ethics.

To develop these instructions the latest session of the RBR's Coordinating Council Presidium was attended by Security Council Deputy Secretary V. Rybanov, who took part in discussing the above range of problems. A. Orlov, executive secretary of the RBR Coordinating Council, had meetings in the Kremlin with Russian presidential aides A. Livshits and G. Satarov. Preparations are under way for Russian President B. Yeltsin to meet bankers, and an RBR delegation will meet with Deputy General Prosecutor O. Gaydanov.

Yeltsin Popularity To Determine Election Outcome

MM2108121595 Moscow KOMSOMOLSKAYA PRAVDA in Russian 19 Aug 95 p 1

["Weekly Roundup" article by Pavel Voshchanov: "Wide Choice: Wretched Present Or Uncertain Future"]

[FBIS Translated Text] If you wander across Russia, talking at length "about politics" with people who are very remote from it, you begin to realize that there will be one question in the coming election battles, the answer to which will be decided by the ordinary voter's "yes" or "no." It is the attitude toward President Yeltsin. For him or against him? Does Russia need such a president or would it be better if he went? Has his rule been beneficial or harmful overall? This is what will determine tomorrow's choice, as well as the potential of any contender for a seat in the Duma. All else — including the populist "We will launch a determined fight against crime and corruption!" — will virtually go unheard.

What could be clearer than the authorities themselves, you might think? Their decisions and their position are there for all to see. But how little clarity you get from the president himself, who has become the ritual figure of Russian politics. Some days ago he announced the possible unilateral lifting of sanctions against Belgrade. The question immediately arose: Is it a political move or a considered decision? Russia, as is known, does not have any common borders with Yugoslavia, therefore it cannot ship either military or any other freight to the Balkans without the consent of third countries. Even Ukraine, given its current leadership, would scarcely want to fall out with the West and would not authorize transit.

The fact that current Russian policy is made in accordance with the "For or against Yeltsin" formula is indicated by yet another event of the past week — the extraordinary Duma sitting on the division of the country into electoral districts. The option put forward by the governors is little different from the one for which the deputies were fighting. But it does contain one ruse — what you might call the "Nazarbayev effect." It is simple: Ignore a minor breach of the electoral law if the results of the elections favor the executive authorities. If not, morally indignant, you go to the Constitutional Court and appeal against them. So the emotions in our Duma are not so much a battle for the purity of an idea, as a wariness of the current leadership: "With it, anything can happen!"

If you take the attitude toward the president and his "bodyguards' party" as the analysis criterion, it turns out that we have only two political forces. One is

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launching an election struggle with the slogan "He has ruined everything!" The other is assiduously avoiding this delicate area. Who will prevail in the end? The easiest thing would be to say: Driven to distraction by the reforms, impoverished, irritated by the smugness of the new Russians as they get fat, impotent in the face of the mushrooming bureaucracy, Russians are again yearning for simple solutions. No, they are not yearning for simplicity, but for clarity, which, unfortunately, neither side possesses. An unpredictable future against a wretched present — that is the choice.

Chernomyrdin Says No Price Rises Expected

LD2208081495 Moscow ITAR-TASS in English 0643 GMT 22 Aug 95

[By Valentin Pavlov and Gennadiy Yezhov]

[FBIS Transcribed Text] BARNAUL, August 22 (ITAR-TASS) — There will be no price jumps in Russia in September, Prime Minister Viktor Chernomyrdin said during his visit to a Barnaul Transmash Holding Plant here today.

The Russian Prime Minister is on a three-day tour of the republic of Altay and Altay Territory where he arrived on Monday, August 21.

According to the prime minister, there are no objective factors to cause a traditional autumnal inflation jump. He said inflation will continue to grow steadily but at a rate not to exceed 3-3.5 per cent a month.

"Next year we plan to cut the rate of the rouble devaluation to 2 per cent a month," Chernomyrdin said. "The most difficult task is to keep from plunging in the inflation precipice now, in August," he said.

As concerns the situation in Chechnya, the prime minister said, the withdrawal of federal troops from Chechnya will continue.

Internal Affairs Minister Appoints New Deputies

LD2108170795 Moscow ITAR-TASS World Service in Russian 1632 GMT 21 Aug 95

[FBIS Translated Text] Moscow, 21 Aug (ITAR-TASS) — According to preliminary data received by ITAR-TASS at the Russian Ministry of Internal Affairs, new deputy ministers were today appointed by a decree of the minister of internal affairs.

Lieutenant General of Militia Vladimir Ilyich Kolesnikov has been appointed Russian first deputy minister of internal affairs. At the Ministry of Internal Affairs he will take charge of the criminal militia's operations — structural criminal investigation sub-units, the directorate combating illegal drug trafficking, and the Economic Crimes Directorate.

Until now, Vladimir Kolesnikov has been in charge of the Internal Affairs Ministry's main directorate of criminal investigations. He has been awarded numerous orders and medals at home for his personal participation in rendering criminals harmless. For example, he was responsible for the arrest of the Rostov psycho Andrey Chikatilo, who killed several dozen people.

Lt. Gen. Pavel Vasilyevich Golubets has been appointed deputy minister of internal affairs. He is one of the most combative generals. For a long time he commanded subunits of internal troops as part of the federal forces in Chechnya. He has been awarded many orders, including the Order for Personal Valor.

Filatov Warns of Influence of Special Services

LD2108195695 Moscow NTV in Russian 1800 GMT 21 Aug 95

[From the "Segodnya" newscast]

[FBIS Translated Excerpt] [passage omitted] [Correspondent Mitkova] Having voiced concern for the fate of democracy, Sergey Filatov touched upon another subject of topical interest. He declared today that the special services must not be permitted to increase their influence over state bodies. Filatov commented that the role of the special services in the system of state power was one of the difficult issues that arose when the law on state service was being drawn up. The question of the place of the power structures in our society worries everyone, Filatov said. He emphasized, however, that everyone should do his own job.

Insiders See Korzhakov as Yeltsin's 'Rasputin'

MS2108150795 London THE SUNDAY TELEGRAPH in English 20 Aug 95 p 22

[Report by Marcus Warren incorporating interview with Georgiy Satarov, Yeltsin's Chief Political Aid; place and date not given: "Rasputin Figure Emerges As Power Behind Yeltsin"]

[FBIS Transcribed Text] Moscow — A senior Kremlin aide has thrown new light on the extraordinary influence wielded over President Yeltsin by his chief bodyguard, General Aleksandr Korzhakov.

General Korzhakov, who is often described as the second most powerful man in Russia, has an official brief to "provide a comfortable security environment" for the head of state. But Moscow insiders cast the general in the role of Yeltsin's closest companion,

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batman, most trusted adviser and — some would say — his personal Rasputin.

In a frank interview with The Sunday Telegraph, Georgiy Satarov, the president's chief political aide, painted a vivid portrait of General Korzhakov's role within the Kremlin. "Any danger, any problem which threatens the president, Korzhakov regards as his own problem," he said.

"I have personally taken part in situations here in the Kremlin when some very serious problems were being discussed. At moments like that Korzhakov expands his role."

Satarov added: "I do not see a big problem in this. These were times when presidential authority was threatened and he, after all, is in charge of the president's security." But he admitted that "maybe Korzhakov interprets presidential security rather widely as a consequence of his relationship with Yeltsin".

Korzhakov's personal loyalty to the president is not in doubt. But critics accuse the bodyguard of exploiting Yeltsin's trust to pursue his own far-reaching agenda, leading a nationalist "party of war" inside the Kremlin, controlling all access to Yeltsin and interfering in the day-to-day business of government.

The close links between the two men date back to the time when Yeltsin was expelled from the Politburo in 1988. Korzhakov, then a member of the KGB's Ninth Directorate responsible for top leaders' security, had already been Yeltsin's bodyguard for three years. He offered to carry on working for his disgraced boss, unpaid if necessary.

They have been together ever since. Yeltsin's book, The View from the Kremlin, lavishes praise on Korzhakov — who comes before the president's family in the list of thank-yous. "Korzhakov never leaves me, even on trips and at night, when I can't sleep and we sit together," Yeltsin writes.

Proximity to the president is the key to power. "He is constantly at the president's side," Satarov said. "When the president is on holiday or in hospital, his share of contact with him increases sharply and ours decreases." When Yeltsin is back at his desk in the Kremlin, aides see more of him, he said.

Satarov's comments were the most revealing from the lips of an insider since the president's chief of staff complained this spring of Korzhakov's increasing influence. Sergey Filatov said that Korzhakov's men were "expanding and putting personnel under their control, and there is much more, but that is only rumour". His staff believed their offices were bugged — and sometimes used pen and paper to communicate "for fear of talking out loud," Filatov said.

Such intrigues are much more serious than the infighting that fills the corridors of power in the West, graver even than the shenanigans of Nixon's White House. Russia is a country where the head of state is in failing health, there are few agreed rules for conducting government business and the Kremlin resembles a medieval court as much as a bureaucratic machine.

One school of thought argues that Korzhakov's influence is now on the wane. But another points to the bodyguard's recent promotion to lieutenant-general and the appointment of General Mikhail Barsukov, another of the Kremlin inner circle, as head of the Federal Security Service (the ex-KGB) as evidence that Yeltsin increasingly relies on what in the past was called the state's "shield and sword".

In Soviet times humour provided the best insight into the popular mood. This summer one particularly callous joke doing the rounds in Moscow reflects the present political torpor, presided over by an ailing president and his all-powerful security chief.

Yeltsin demands turtle soup at the end of a banquet, but an hour later there is still no sign of the dish. Korzhakov goes to the kitchens, where a turtle is sitting on the table with its head and limbs hiding inside its shell. A chef with a hammer waits for the turtle to peep out so he can smash its skull.

"Give me that," says Korzhakov impatiently, seizing the hammer and a sharp fork nearby. He plunges the fork into the turtle's backside, its head emerges and the burly bodyguard brings the hammer down on the turtle's skull, all in one deft manoeuvre.

"It's easy when you practise," Korzhakov tells the astonished chef. "How do you think I put my boss's tie on every morning?"

Official Corruption Seen as Major Crime Threat

MM2108112495 Moscow ROSSIYSKIYE VESTI in Russian 16 Aug 95 p 2

[Article by Valeriy Velichko, president of the State Security Veterans' Club, under the "Expert's Opinion" rubric: "The Mafia Is Straining for State Power. Criminal Formations Spend Around Half Their Criminal Income on Suborning State Officials and Creating an Official 'Cover'"]

[FBIS Translated Text] Despite the measures that have been adopted, we are not succeeding in defeating organized crime in the Russian Federation. Last year around 3 million crimes were recorded by MVD [Ministry of

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Internal Affairs] organs, among them almost 40,000 premeditated murders (a growth of 11 percent). At the same time, in the opinion of criminologists, up to 70 percent of crimes committed do not make the crime figures.

Qualitative changes are also under way in the characteristics of organized crime; above all there is a clear shift toward increased professionalism, organization, firepower, and technical equipment among criminals. The number of premeditated crimes has increased. The widespread formation of organized criminal groups committing exceptionally vicious attacks on lives and property in the form of violent assault and gangsterism is continuing. In the last 18 months criminal proceedings have been instituted in 151 cases of gangsterism (at the end of the eighties three or four people a year were arrested for gangsterism).

The formation of gangs takes place primarily on a regional basis. Organized criminal groups are largest, strongest, and most active in the country's economically developed regions and administrative centers. Organized crime is currently taking on an international character, whereby Russia has become a testing ground for the criminal groups of countries in the near abroad. The reason is obvious: It is possible for criminals to thrive in Russia.

In Moscow criminal groups divide in terms of numbers as follows: In first place — Azerbaijanis; in second — Chechens; third — Dagestanis; fourth — Armenians; fifth — Georgians; sixth — Ingush; and seventh — Tatars. Traditionally Russian groups are forced to wrest their "place in the sun" from the national formations in a bitter struggle. Following the passport crackdown in the capital, Caucasian groupings have partially moved to Moscow Oblast, where interethnic friction is already arising because of this.

Criminal groups are marked by specialization. Thus Azerbaijanis engage in drug trafficking, in fraudulent buying and selling of currency, and games of chance; they also control the majority of Moscow's markets and are seeking to establish monopoly trade in them. Georgians, who until recently swelled the ranks of Moscow's house burglars, are now boldly engaging in armed robbery and practicing extortion and hostage-taking. Ingush play an active part in the sphere of mining and selling gold.

But, irrespective of their regional roots, all criminal groupings shamelessly prey on structures engaging in business. The primitive racket — obtaining a share of profits from major deals, participating in deals as "guarantors" for the middleman — has become a daily practice.

Since there is no clear-cut mutual payments system, organized crime has taken on the functions of judge and jury. Private individuals, bankers, and even state functionaries turn to criminals to "extort" money owed to them. The percentage on the sum of the recovered debt fluctuates between 30 and 50.

State enterprises and major Western firms are increasingly becoming the target of blackmail and extortion. According to information from the U.S. Embassy in Moscow, criminal trespass against Americans and U.S. firms increased by almost 300 percent in 1994. Today, when deciding whether to invest in the Russian economy, the Western businessman fears not so much political instability and the unpredictable situation as organized crime. They pay huge amounts of money to participate in various kinds of seminars and symposiums in an effort to find out what awaits them in Russia and how to defend themselves against the "Russian mafia" in their own countries.

The environment of political and economic instability and the escalation of ethnic and religious conflicts in individual regions of Russia allow the criminal element to use terrorist methods in the struggle against their rivals virtually with impunity. "Contract killings" have become widespread on Russian Federation territory. The statistics are melancholy: Whereas in 1992 there were 102 such crimes and in 1993 there were 289, in 1994 this figure doubled — to 562. The victims are now not only businessmen but also deputies (Skorochkin, Martemyanov, Ayzderdzis, Kivelidi), state functionaries (the attempt on Deputy Minister Tsalogov), and journalists (V. Listyev, D. Kholodov).

There are grounds for suggesting that, in election campaigning conditions, when many powerful financial and commercial groups have declared support for specific (sometimes antagonistic) political groupings, parties, and movements and for specific political leaders, in a period of open struggle for the mass media, many terrorist acts will increasingly bear a political hue.

In the opinion of specialists, the motor of modern organized crime is above all the corruption of functionaries. According to certain information, 30-50 percent of all criminal income acquired by criminal groupings last year went on suborning state officials and creating an official "cover."

All this has enabled not only goods and services but also the decisions of the official organs of power to become objects for buying and selling. The granting of various licenses and quotas, the privatization of enterprises, the sale of real estate — all this has become the most profitable business in Russia. The term "state racket" has firmly entered the vocabulary of businessmen. In

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the fourth quarter of 1994 1,500 cases of bribe-taking by state functionaries were exposed. In a number of regions official licenses are issued to entrepreneurs only with the blessing of criminal structures' bosses.

In my professional view, amendments to the Law on Private Investigation and Private Security Activity submitted to parliament are being made to contract specifications. This is effectively an attempt through the agency of the state and the law-enforcement organs to disarm a new and effective instrument of opposition to the criminal, and to make its work impossible.

According to the information of the MVD, corrupt functionaries lend assistance and protection to every seventh or eighth criminal grouping, and the latter spend around 20 billion rubles [R] on paying for their services. We are all witness to the fact that, against our minister's orders, police officers in uniform are on duty in virtually every casino, restaurant, and prestigious commercial store. If you consider that many entrepreneurial structures in Moscow belong to the kingpins of the criminal world, that means that taxpayers also participate in sponsoring the criminal world. Russian Federation MVD spokesman M. Yegorov, speaking at the international seminar "For Honest Business," openly admitted that 40,000 commercial enterprises of various kinds are under mafia control. A. Gurov, a well-known expert on the problems of organized crime, believes that around 85 percent of commercial structures are under its control. Only those involved in the security business and their clients, or firms which work under the protection of the law-enforcement organs, do not pay gangsters.

Criminal companies aided by corrupt functionaries have today effectively monopolized all spheres of legal business bringing in "superprofits" in Russia. These are the arms trade; alcohol, cigarette, and food sales; the antiques and art work trades and the trade in foreign brands; the theft and resale of motor cars; the trade in oil and rare-earth metals; the burial of radioactive and industrial waste; control over the flow of stolen gold, platinum, diamonds, and other precious metals; the video and computer business; control over railcars carrying valuable goods and over martime ports and airports; and religious ceremonial services.

What is left outside mafia control is mainly traditional crime — petty theft, robberies for "drink money," drunken hooliganism, and other petty crimes.

In the period since 1991 organized crime has passed through a whole era and reached an intrinsically new level. Along with the organizationally formalized, conservative section, which emerged from inside the socialist shadow economy and is geared toward the legalization of criminal business, a young, greedy, "new organized crime" (by analogy with the "new Russians"), which recognizes no laws or traditions and is engaged in an uncompromising battle for its share of the criminal market, has now emerged on the stage. Most of the bloody vendettas are the result of this battle. In 1994 the number of businessmen murdered by contract killers (177) was almost equal to the number of criminal kingpins shot down (185).

In such conditions the individual, who feels powerless and defenseless, seeks new ways of ensuring his own safety. A profound psychological process is underway whose result is that the public security system begins to be seen as an enemy force. Disobeying it and refusing to abide by its laws is becoming the standard behavior of a significant part of society. Ordinary citizens have become afraid of the police, whereas criminals are not just unafraid of them but simply do not give a hoot about. A cult of violence and cruelty and indifference to pain and unhappiness are beginning to cut a path through society.

You do not have to be too bright to realize the main danger: Organized crime in Russia now impinges directly on the security of society and the state. Having penetrated all the state's government, executive, and law-enforcement structures, it is seriously affirming its claims to state power.

Today organized crime has clearly left the sphere of competence of the special organs and become at the very least a national problem which requires the involvement of every citizen and the state as a whole. The future of Russia is at stake, and defeating modern organized crime requires unconventional approaches. In elaborating a program for combating it, it is essential to be aware of a number of factors. First, organized crime is the consequence of errors in the state's socioeconomic policy. Thus the ill-considered tax policy is not only as a factor in the criminalization of society but is a very powerful cause of society's moral degeneration. To work and engage in business honestly has become unprestigious, and often unprofitable. Virtually every commercial and state structure has developed its own "know-how" for avoiding excessive taxation. And the first violation in this area is the first step into the claws of organized crime.

Second, organized crime is not so much a concept in criminal law, as a complex social phenomenon, and the most correct individual legal acts or the most competent strong-arm actions in this case cannot serve as a universal, effective means of eradicating crime.

Today the state's entire law-enforcement policy is in need of serious review, and should take account of a number of negative tendencies. Above all, society is

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rapidly becoming alienated from the law-enforcement organs, whose officers have a poor awareness of their dependency on the public, and duty to society and to the individual citizen is less and less seen as the basis of the vitality of the system itself.

The law-enforcement organs are gradually turning into a self-sufficient force which concentrates its attention on the purely professional, "trade" aspects of its activity. In these cases the the law-enforcement system can be transformed into an instrument of political expediency, and not an organ which fulfills the will of the law. Nor can we close our eyes to the fact that public control over the activity of the public security system is gradually diminishing. This opens up the possibility of "back-scratching" and the corruption of a certain percentage of officers. Current law-enforcement policy is conducive to the destruction and fragmentation of operational data bases, the loss of operational plans, and the "collapse" of criminal proceedings currently being instituted and cases currently under investigation. In this way, criminals under prosecution and investigation could escape retribution.

Today only a comprehensive program can defeat organized crime, or at least drive it into a corner. It should include a system of laws regulating market relations and embracing all spheres of human life; a revival of morality on the basis of state patriotism and the age-old, tried-and-tested commandments — thou shalt not kill, thou shalt not steal; and a return to the best experience of the school of law-enforcement work in our country, based on the prevention of crime and the infiltration of the criminal world with the aim of destroying it from within. The intellectual, and not the strong-arm battle should be placed at the center of Russia's new law-enforcement policy, the education of a new generation of uncompromising crime fighters, and the unification of all the existing potential both of the state and of private business in fighting for the country's future.

Plato long ago said: "Nothing assists human virtue like legislation and the foundation of states."

Decisions Mark Start of Nomination Procedure

MM2208102695 Moscow ROSSIYSKIYE VESTI in Russian 22 Aug 95 p 1

[Report by Lyubov Tsukanova: "Meetings With Collectors of Signatures Lie in Store for Voters, and They May Decide Who To Vote for Even at This Stage"]

[FBIS Translated Text] By signing the law "On Approving the Chart of Single-Seat Electoral Districts for the Elections of Deputies of the State Duma of the Second Russian Federation Federal Assembly" President Boris Yeltsin has removed the final obstacle to the start of the 1995 election campaign. On Friday the Central Electoral Commission decided to publish the lists of single-seat districts, after which (publication is set for 22 or 23 August) electoral actions to nominate candidates in first-past-the-post districts can be started. In support of a candidate nominated in a single-seat district an electoral association or group of voters must collect signatures totaling at least 1 percent of the total number of voters in the district in question.

Also on Friday the Central Electoral Commission certified the first federal lists of candidates. Lev Ubozhko's Conservative Party, "Women of Russia," the Union of Communists, the Party of Supporters of Lower Taxes, and Boris Fedorov's "Forward, Russia!" movement were quicker off the mark than the others in approving their "potential candidates" and are now starting to collect signatures. The Fedorov movement has the biggest of the five certified lists — 164 people — while the others range between 60 and 90. Incidentally, so far as numbers are concerned, the only thing that matters to the Central Electoral Commission is that the list not exceed 270 names. The Central Electoral Commission leaves the "quality" of the candidates to associations' discretion, and it only cares about precisely registering the "details" in accordance with the provisions of the law. The remarks made by the Central Electoral Commission to representatives of the Conservative Party are indicative in this regard: Loose terms like "psychic," "defender of human rights," and "expert on the meaning of life" are not acceptable to the Central Electoral Commission.

Around 270 parties and public movements are entitled to contend for seats in parliament. So the first five are just a drop in the future electoral ocean whose waves will rage through Russia over the next four months before the elections. The Central Electoral Commission will feel the first onslaught of the "elements": Over the next few weeks it will have to examine and certify at least several dozen federal lists of candidates. Bearing in mind the short time — three days — for approval of each list, all Central Electoral Commission structures will have a tremendous workload. However, Central Electoral Commission Chairman Nikolay Ryabov assured your ROSSIYSKIYE VESTI correspondent that his department will be able to cope with this work and there will be no delays in completing the formalities. The ball is now in the court of the electoral associations — the process of their grouping into election blocs is still not over, and congresses and conferences lie ahead at which both federal lists of candidates and lists of contenders in single-seat districts will be approved. A broad campaign of preliminary choice, so to speak, lies in store for us right up until 22 October: Probably ev-

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ery voter will run up against collectors of signatures and will have to decide even before the 17 December vote whether he wants a particular association or a particular candidate to appear on the ballot paper. Incidentally, since the list of signatures includes the precise address of the future voter, the Central Electoral Commission deemed it necessary to include in the instructions on procedures for collecting signatures a provision regarding nondisclosure of information placed on the list of signatures. Admittedly, there are no legislative guarantees of confidentiality, but the Central Electoral Commission is hoping that its directive will carry weight. As for the effectiveness of the whole army of collectors of signatures, they must be given every possible assistance by local organs of power, the leaders of enterprises and institutions, and the commanders of troop units.

The Central Electoral Commission deemed it necessary to warn that participants in the election campaign can start campaigning only after registration of the list or of the individual candidate at the relevant electoral commission. Clearly, the collection of signatures, like the flow of information about electoral actions, is also a kind of campaigning. But a contender officially becomes a candidate and therefore has the right to be presented to voters in this capacity only after he has received the appropriate certificate of registration. So if in your mailbox tomorrow you find a leaflet saying "Vote for..." you can boldly throw it away: These comrades are clearly in a hurry. According to the most modest calculations, voters have another four-six weeks' rest from contenders.

Electoral Blocs Submit Duma Slates for Approval

MK1908145495 Moscow KOMMERSANT-DAILY in Russian 18 Aug 95 p 3

[Report by Rostislav Neverov: "President Signs Law. Law Signed — All Out for Elections!"]

[FBIS Translated Excerpt] Less than a week after State Duma deputies interrupted their vacation to override unanimously the Federation Council's veto of the [draft] law "On the Approval of the Borders of Single-Candidate Constituencies for the Holding of Elections for State Duma Deputies," it has been signed by the president. Proposals by the Central Electoral Commission on registering in single-candidate constituencies voters living outside Russia or on extended official trips abroad have also been approved. Today, at 1230, a Central Electoral Commission session will look at the federal lists of candidates for State Duma deputies that have come in from the first public and political associations. [passage omitted]

It will consider the lists of candidates from the first four fast-off-the-mark associations and parties — the Conservative Party (leader Lev Ubozhko), the "Union of Communists" party (leader Vladimir Markov), the Party of Advocates of Lowering Taxes (Valentin Dyuryagin), and the "Forward, Russia!" public-political movement (Boris Fedorov). Once an association gets its list registered, it will be issued a certified copy thereof. From that moment on, the association will be entitled to collect signatures in support of its candidates. At least 200,000 voter signatures should be collected in order to qualify to take part in the elections.

Election Blocs 'Hastily Erected,' Lack Clout

MM2208090195 Moscow KRASNAYA ZVEZDA in Russian 19 Aug 95 p 2

[Article by Aleksandr Golts: "Electoral Blocs Set Up. But Do Voters Know About Them?"]

[FBIS Translated Text] Buildings will have to be commissioned.... Those words from what had seemingly been long and definitely forgotten "ceremonial reports" and "socialist pledges" suddenly came to mind. They came to mind when registration of political parties and associations intending to take part in the coming State Duma elections began this week, as had previously been announced. And those parties are prepared to reaffirm their solidity by submitting 200,000 signatures collected from all over Russia.

It is not simply a question of construction terminology having become part and parcel of Russian political vocabulary. We are prompted to use it today by the very process of creating electoral associations — blocs — and by the name which one of the most successful political constructs has taken (I refer to the "Russia Is Our Home" association). After all, for the time being activeness in this sphere is still too reminiscent of an ordinary structure rather than a political structure in our beloved Fatherland. With its rush work, feverish flurries, and desire to "get started" as quickly as possible without any clear idea of how to finish.

A couple of months ago we saw how our politicians were looking for allies, and how endless consultations, interrupted only by complaints about each other, were held about each potential participants' contribution to the electoral bloc and his share of the common list of candidates. Now the time has come to commission the "buildings." It is now clear which of the parties and associations have effective organizations throughout Russia, and which have influence only within their own headquarters.

Insofar as we can judge, "Russia Is Our Home" — which, with the help of local executive authorities, has

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been rapidly creating regional organizations, has won the support of financial and industrial capital, and has even gotten its own song — has completed this first stage more successfully than the rest. Things are slightly worse for the bloc headed by Ivan Rybkin. The fact is that the level of participation in this bloc by the force which, it had been thought, would play a leading role — the Agrarian Party — has still not been determined. It is only after that party's congress that it will become clear how much political influence the Rybkin bloc will wield. "Russia's Choice" has clearly lost political clout through being unable to unite major political movements which consider themselves democratic. But it, too, will probably be one of the leading players in the electoral race.

The positions and degree of influence of those parties which are acting independently and do not want to unite with anyone are pretty definite. These include primarily the Communist Party of the Russian Federation, "Yabloko," the Liberal Democratic Party of Russia, and "Women of Russia." They are known to the voters and have their own regional organizations. And they probably have decent chances of success.

Most of the other contenders are well suited by the word "buildings." In that memorable era calling whatever appeared before the state commission's eyes on 31 December a house or a plant was pretty hard to do. Just as today it is hard to call many of the political movements terming themselves electoral blocs full-fledged political organizations. I think that by no means all of them will collect even the required 200,000 signatures, let alone the 5 percent of votes they need to be represented in the future Duma. It is this fact that is making politicians rush around in an attempt to find allies and partners. There is no longer any question of ideological commonality. Thus, there has actually been a split in the Democratic Party. Some of its leaders intend to unite with the Congress of Russian Communities, while others want to unite with the Party of Working People's Self-Government. These are pretty dissimilar parties. And observers can only speculate as to what had hitherto united these people in the Democratic Party of Russia.

What is curious is that, judging by everything, in the process of constructing these blocs our politicians have been most concerned about two things. First, to collect funds for the election campaign. It can already be said with a certain amount of confidence how much capital particular blocs have. Second, they are concerned about the level of their influence with regional leaders, who are supposed to ensure the success of election campaigns at local level.

After all, it is no secret that emissaries from political organizations have in recent weeks been making every effort to knock on the doors of those local administrators who have not yet linked themselves to any particular party. With the single aim of winning their consent to be included on their own list of candidates.

In theory it would be sensible to seek funding and to look for locally authoritative people — if, that is, before embarking on their election campaigns and before constructing their blocs, political movements large and small had bothered to come up with any kind of defined program. For the time being only "Russia Is Our Home" has seriously tackled this issue. It submitted a program for debate at its recent congress.

But it is not hard to note that this electoral association is very restricted in its choice of fundamentally new ideas. After all, its leaders are currently running the country. So this program, judging from Viktor Chernomyrdin's report, is a contest between the already achieved "good" and the better. Namely the "strengthening of the social dimension of reform," the strengthening of the state's role, and the strengthening of statehood. It would seem to be senseless to dispute those provisions, particularly if they are backed up by an extensive program of specific measures. There is just one question: What has prevented all this being done since the end of 1992? At a time when the government's pledges are differing seriously from its potential (evidence of that is provided by the mass protests by miners and the condition of the Armed Forces, which the budget has pushed to the very brink of survival), this is by no means an idle question. Particularly if it is directed at those who want to convince us of their ability to continue running the state.

But other political blocs and parties have no program of action at all. They just have a selection of slogans and promises. And a certain number of clearly memorable people. Tell us, what in the voters' eyes — apart from the given names and patronymics of the leaders — is the difference between the Party of Working People's Self-Government headed by Svyatoslav Fedorov and Boris Fedorov's "Forward, Russia!" association?

Does this mean that Russians will once again be forced to vote by gearing themselves solely to the level of confidence which various figures are able to inspire? That we are now doomed to believe those who are generous with their promises?

Incidentally, some very authoritative observers believe that the choice itself will not be all that wide. Everyone has drawn attention to the striking unanimity between all the State Duma factions at the extraordinary session a week ago. Rejecting the Federation Council and

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presidential vetoes on a number of laws, the deputies demonstrated their ability to pull together in opposing the executive. This makes us think that in the coming elections there will basically be a struggle between the executive power "bloc" and the legislative power "bloc." Such alliances and U-turns are possible that everything that has been happening at the "bloc building" stage will just look like child's play.

Caught up in building blocs that are vitally important for their own political survival, politicians are somehow forgetting that it is ordinary citizens who one way or another will have to "live" in these hastily erected political structures. And what if they do not want to pin their hopes on any of them?

Tsentrosoyuz Board Urges Alliance With Agrarians

MM2208090795 Moscow SELSKAYA ZHIZN in Russian 22 Aug 95 p 1

[Report by Tsentrosoyuz Press Service: "Together With Agrarians"]

[FBIS Translated Text] A regular session of the Russian Federation Tsentrosoyuz [Central Union of Consumer Cooperatives] Board has been held. An appeal to shareholders and employees of consumer cooperatives was adopted. It states that, as a result of persistent actions by the Russian Federation Tsentrosoyuz, a number of important government decisions have been adopted recently — thanks to which consumer cooperatives have received aid from the state estimated at trillions of rubles. But this support does not cover even one-half of the costs incurred by cooperative organizations and enterprises.

Bearing this in mind, the Russian Federation Tsentrosoyuz Board is not relaxing its efforts and is continuing to try to secure financial support for cooperatives and to strengthen their legal base.

The consumer cooperative movement is not a political organization. But in the present extremely complex situation it must have its own representatives in the State Duma to represent and defend its interests, which are the interests of many millions of shareholders and rural inhabitants. Therefore cooperative members should become politicians and decide with whom they will go into the elections.

It can be said that the answer to this question has already been given: Go into the elections with the agrarians as partners and allies. The Russian Federation Tsentrosoyuz Board appealed to shareholders and employees of consumer cooperatives: Conduct all pre-election work jointly with organizations of the Agrarian Party of Russia and act together with them in the elections to the State Duma. By pooling their efforts, cooperative members and agrarians will be able to achieve great successes in defending and championing the interests of rural working people.

Movements Become Co-Founders of Rybkin's Bloc

LD2108192295 Moscow INTERFAX in English 1839 GMT 21 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (INTERFAX) — Six political movements including Russia's Regions, Popular Movement Russia, Russian Youth Union, Realists' Union and My Fatherland, have became co-founders of the center-left election bloc led by State Duma Chairman Ivan Rybkin. The first stage of the bloc's founding conference took place in Moscow on Monday.

The bloc's press service told INTERFAX that it included over 50 public movements and organizations from various regions of Russia.

The bloc plans to hold the second stage of its founding conference in early September.

'My Motherland' Decides To Join Rybkin Bloc

MK2108133695 Moscow SEGODNYA in Russian 19 Aug 95 p 2

[Report by Gleb Cherkasov: "'My Motherland' Has Added Its 'Immaculate and Qualified' Candidates to 'Rybkin's List.' The Association Leader Expects That in the Future Duma the Center-Left Will Merge With the Left"]

[FBIS Translated Text] Yesterday [18 August], at a conference of the "My Motherland" association, which is a cofounder of the center-left bloc (Rybkin's bloc), the association finally decided that it would join the State Duma speaker's "center-left" Duma project. The 108 delegates from 47 regions confirmed the decision made by the Coordination Council of the association and nominated their representatives to the electoral slate of "Rybkin's bloc." They include Viktor Mishin, "My Motherland" leader; Stanislav Assekritov, vice president of the "Reform" fund; Iosif Kobzon, singer; General Boris Gromov; Nikolay Shmelev, economist; Andranik Migranyan, political scientist; and others. Of the 11 candidates delegated by the conference to single-seat constituencies, Aleksandr Dzasokhov, who is a current State Duma deputy, deserves to be mentioned in particular.

The atmosphere of the discussion at the conference can hardly be called tense: All of the decisions were virtually adopted unanimously. There were only minor problems caused by the fact that some deputies from the

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provinces were not sufficiently aware of the present political situation and did not know the electoral legislation well enough. Some participants in the conference deemed it necessary to learn more about the program of the Rybkin bloc, and one deputy simply moved the reporters present by asking, "Hey, what's the name of the bloc?" Viktor Mishin's colleagues, however, felt quite content with his explanations.

Mr. Mishin emphasized that "My Motherland" would support all of the left and center-left candidates. "It is essential that only immaculate, unblemished, and qualified people, caring for their country, are elected to the Duma," Viktor Mishin said. He also noted that, in his opinion, life will make the left and the center-left unite in the Duma.

Trade Unions Decide To Shun Rybkin Bloc

MM2208094895 Moscow ROSSIYSKIYE VESTI in Russian 22 Aug 95 p 1

[Report by Lyubov Volodina and Feliks Babitskiy: "'Left-Wingers' Dislike the Rule of Addition"]

[FBIS Translated Text] The "Russia's Trade Unions — to the Elections!" association should not join the Rybkin center-left bloc — such is the stance voiced by the majority of its territorial organizations at a conference last Friday. The reasoning for the decision is that "left-wingers" cannot avoid being in opposition today, but in creating his bloc Ivan Rybkin is "fulfilling the orders of the president, to whom he tirelessly vows loyalty." The trade union functionaries are equally categorical about Vladimir Shcherbakov's ROPP [Russian United Industrial Party]: The bloc of workers leaders and directors of plants who are not paying wages to their workers is definitely a "dead duck." FITUR [Federation of Independent Trade Unions of Russia] Chairman Mikhail Shmakov, who delivered the report, also told the meeting that the Communists and Agrarians are themselves refusing to form a bloc with "Trade Unions of Russia," something which the former categorically deny, however, recalling that they have received no official proposals to unite from the "crooked house." The question of whom nevertheless to join in a bloc is now to be decided at the second stage of association's conference, whose start has been postponed until 5 September. However, it is easy to see that it is no longer the time for cobbling together blocs. And the only consolation for the trade unions is that they are not the only ones to have missed the bus.

Nevertheless, the "Rybkin bloc" exists despite everything. The creation of the center-left bloc was at long last announced yesterday in Moscow at the end of the first stage of the bloc's first conference. The "My Fatherland," "Union of Realists," "Regions of Russia," and "Dignity and Charity" associations, the Fund for Invalids of the Afghanistan War, and several trade union and veterans organizations have confirmed that they are participating in it. Thus, despite the refusal of the United Industrial Party and the electoral association created by FITUR to take part in the bloc, the bloc has been duly formed and intends to approve the lists of candidates for the federal district and for single-seat districts at the second stage of its conference, planned for early September.

Zhirinovskiy To Run as Leader of LDPR Candidates

LD2108134795 Moscow INTERFAX in English 1259 GMT 21 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 21 (INTERFAX) — Leader of the Liberal Democratic Party of Russia [LDPR] Vladimir Zhirinovskiy has said it is his principal decision not to run in a single-mandate constituency in the December 17 elections to the State Duma, the lower house of Russia's parliament.

"My single-mandate constituency is all of Russia," he told INTERFAX in an interview today. Zhirinovskiy said he would run in the parliamentary elections only as the leader of the LDPR federal list of candidates.

At the 1993 parliamentary elections Zhirinovskiy was elected to the State Duma not only from the LDPR federal list but also from the Shchyolkovo single-mandate constituency in the Moscow region.

Zhirinovskiy said the LDPR would nominate its candidates to all 225 single-mandate constituencies. He said the candidates would be determined at the party's congress in Moscow on September 3. The same congress will confirm the LDPR federal list of candidates.

"We have taught all LDPR regional branches what to do, supplied them with everything necessary and we are ready for the struggle," Zhirinovskiy said.

Meanwhile, the Yabloko movement's leader Grigory Yavlinskiy said in early August that he was going to run for the parliamentary elections in the Kuntsevo single-mandate constituency, Moscow. Yavlinskiy urged Communist leader Gennadiy Zyuganov and LDPR leader Vladimir Zhirinovskiy to contend against him at the same constituency.

Polevanov, Podkolzin To Run for Duma

MK1908140295 Moscow SEGODNYA in Russian 18 Aug 95 p 2

[Report by Natalya Gorodetskaya: "Vladimir Polevanov Wants To Fight 'For the Motherland' in the Duma

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Together With General Podkolzin, Head of the 'Afghan' Movements of Russia"]

[FBIS Translated Text] The week-long existence of the opposition electoral bloc "For the Motherland" has been sufficient for its members — the People's Patriotic Party (former internationalist soldiers), representatives of all other "Afghan" movements in Russia, and a number of labor unions — to prepare their own list of candidates for State Duma membership, although it is not final yet. As was said yesterday [17 August] at a news conference in Moscow, for the time being there are two leaders on the bloc's slate for the December 1995 election: Vladimir Polevanov, head of the "New Russia" movement, former former [as published] deputy premier and chairman of the Russian Federation State Property Committee; and Airborne Troops Commander Yevgeniy Podkolzin.

According to Vladimir Polevanov, "For the Motherland" is counting on 10-12 percent of the votes in the election. In his opinion, voters will be attracted by the bloc's election program aimed at "taking the country onto a new economic and political course." Mr. Polevanov noted that the Airborne Troops commander has already agreed to be nominated by the "For the Motherland" bloc. The third position on the list of candidates for the State Duma is still vacant. "The bloc's final slate will be adopted at a congress to be held in Moscow on 2-3 September," he said.

Government Not To Compensate Investors for Losses

LD2208082295 Moscow ITAR-TASS in English 0657 GMT 22 Aug 95

[By Valentin Pavlov and Gennadiy Yezhov]

[FBIS Transcribed Text] BARNAUL, August 22 (ITAR-TASS) — The Russian government will not compensate investors in the busted funds, such as MMM, Russki Dom Selenga (RDS) and other pyramid organisations, Prime Minister Viktor Chernomyrdin said in a response to a question from a worker at the Barnaul Transmash Holdings Enterprise he visited today.

The prime minister who arrived in Barnaul, the administrative centre of the Altay Territory, south of western Siberia, today visited the enterprise for a meeting with its employees.

ITAR-TASS has learned that RDS collected more than 10 billion roubles in the Altay Territory before it went bust and stopped paying interest and dividends to investors.

The worker told the prime minister that he had been attracted to RDS by the word "Russian" in its name. The minister said the government had made it clear in its time that companies of this sort do not deserve trust and warned that everything would end as it did.

Responding to a question about the future of the enterprise, which earlier specialised in manufacturing diesel engines for military equipment, Chernomyrdin noted that the country did not need the same amount of tanks and armoured vehicles as was manufactured earlier. There will be no orders for such equipment, and the government defence order will not be increased next year. Certain changes will only occur in specific directions and will call for higher quality first of all, the premier said.

As concerns the enterprise's plans for developing diesel engines for the VAZ car, Chernomyrdin said the project would certainly work because the VAZ car manufacturers are willing to cooperate with Barnaul Transmash-holding.

Commercial Secrets Act Gains Government Approval

MK2108063095 Moscow KOMMERSANT-DAILY in Russian 18 Aug 95 pp 1, 3

[Report by Andrey Serov: "The Internal Affairs Ministry Will Get Access to Commercial Secrets"]

[FBIS Translated Excerpt] In the process of yesterday's discussion of the federal law "On Commercial Secrets" at a government session, unexpected interest in the subject was shown by Internal Affairs Minister Anatoliy Kulikov, whose department was not among the broad number of the bill's drafters. The head of the Internal Affairs Ministry deemed it necessary to record a special provision stipulating law-enforcement officers' right to access the commercial secrets of Russian business enterprises. Judging by the understanding shown toward this statement by Viktor Chernomyrdin, the militia will have no legal problems in accessing the secret data base files of non-government banks and companies.

Of the three documents presented yesterday for the consideration of the Russian Government, the draft federal law "On Commercial Secrets? prepared. Everyone agreed that the law should be adopted as soon as possible, because the term "commercial secrets" has been long and widely used in practice, although it still has no legal definition. It was discussed relatively quickly, and approved. But prior to that Justice Minister Valentin Kovalev proposed a number of amendments. First of all he did not like the definition of some notions. Thus, the definition of "commercial secret" itself the way it

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is given in the bill can, in his opinion, be invoked to warrant, on the excuse of confidentiality, the concealment of illegal actions. Furthermore, Kovalev noted that under the bill, an officer given access to secret information may be bound to secrecy forever, whereas state secrets should be protected for only 30 years. The minister thought this disparity unfair.

Amid an essentially quiet, if not academic, discussion of the bill, the amendments to which were of a rather editorial nature, the statement by the internal affairs minister sounded unexpectedly sharp. Anatoliy Kulikov stated that his subordinates "often cannot gain admittance to a bank" and have lesser access to the official information of commercial structures than the tax police. The colonel general was supported by the prime minister who, however, spoke rather vaguely: The executive power agencies have nothing to hide from one another. The strangest part is that the bill does not specifically infringe on the Internal Affairs Ministry's access to commercial secrets, nor does it envision any special tax police powers. Such rights are granted to law-enforcement bodies "within the scope of their jurisdiction." But Kulikov apparently read a possibility of a loose interpretation of this article of the law and missed no chance of securing indirect government approval of future OMON [Special-Purpose Militia Detachment] raids on banks and commercial offices. [passage omitted]

Military & Nuclear Issues

Troops Deny Reports of 'Abandoned' Fuel Depot

LD2108190295 Moscow ITAR-TASS World Service in Russian 1406 GMT 21 Aug 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Moscow, 21 Aug (ITAR-TASS) — The Main Staff of the Russian Strategic Missile Forces has denied reports in the Kazakh press about an "abandoned" fuel depot. The ITAR-TASS correspondent was told today by this military department that there has never been any units of the Strategic Missile Forces on the location mentioned (the village of Komsomolskiy in Semipalatinsk Region).

The Main Staff of the Russian Strategic Missile Forces explained that all the units withdrawn from Kazakhstan in accordance with international accords have taken with them to Russian territory all the equipment, hardware, fuel, and lubricants, as provided for in the agreement. In the process, special attention was given to rocket fuel components because of the hazard they present, both for the environment and for human health. After the withdrawal of troops, all the military facilities were officially handed over to the local authorities, and the missile forces did not leave behind any so-called ownerless depots on Kazakh territory.

Armed Forces' Fuel Service in 'Dire Straits'

MM2108131095 Moscow KRASNAYA ZVEZDA in Russian 17 Aug 95 p 2

[Account of interview with Lieutenant General Pavel Gorupay by correspondent Petr Altunin under the "Problem Requires a Solution" rubric; place and date not given: "En Route to Pearl Harbor.... Given the Current Level of Financing of Fuel Purchases, Disaster Lies in Store for the Russian Armed Forces by the Winter" — first paragraph is KRASNAYA ZVEZDA introduction]

[FBIS Translated Text] The fuel service will soon be celebrating its 60th anniversary. But it has never been in such dire straits as today. Even during the years of that most bloody war which was the Great Patriotic War, no matter how difficult things were, neither tank troops nor airmen experienced fuel shortages during the Battle of Stalingrad or the Battle of the Kursk Bulge; and the same was true of sailors in the fleets. But now? I put this question to Lieutenant General Pavel Gorupay, chief of the Russian Federation Defense Ministry Central Missile Fuel and Fuel Directorate.

[Gorupay] I would like to start with a piece of news which the newspapers have picked up, namely that on 9 August a detachment of warships of the Pacific Fleet, including the large antisubmarine-warfare ship Admiral Panteleyev, a large amphibious warfare ship, and the large tanker Vladimir Kolechitskiy, set sail from Vladivostok for Pearl Harbor to take part in the 50th anniversary celebrations to mark the end of World War II and a joint landing exercise as part of the Cooperation at Sea-95 program.

When the leadership of the Armed Forces Rear Services learned of the planned visit by the squadron, its attitude toward it was very negative. And this wasn't at all because it is opposed to the development of links with foreign armies. The reason is transparent — there is no fuel. The majority of the Pacific Fleet's ships and service craft are laid up with virtually empty fuel tanks. Half of the emergency fuel stocks have been used up.... Only 30 percent of the deliveries of fuel needed by the ships have been made.... The situation is such that they can make no further voyages anywhere, as it were. Nevertheless, it was decided "on high" — and clearly not without justification — that the accord must be honored. But, as a result, three weeks' supply of fuel for the whole Pacific Fleet has set sail for the distant shores of Hawaii....

Since 1992 the Russian Armed Forces have annually obtained on average 1 million tonnes of petroleum

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products fewer than they have used. And for that reason the degree of provision of the Army and Navy with petroleum products has fallen by almost two-thirds. The evidence of A. Arbatov, chairman of the State Duma Defense Committee's Subcommittee for International Security and Arms Limitation, who recently visited Kamchatka, is that "The 50-percent reduction in the fuel and lubricants quota this current year, which could create an acute shortage in the supply of heat and electricity to the 'Klyuchi' test range in the severe conditions of the upcoming winter, is causing special concern." Later in his letter the deputy urges Colonel General V. Churanov, deputy defense minister and chief of the Armed Forces Rear Services, to take all measures necessary to ensure that the test range is supplied "in full."

But let's look at the concern for the Armed Forces showed by the people's elected representatives themselves. Thanks to their efforts, such a feeble military budget was approved that it was possible to find only 42 percent of the resources required for fuel. That is to say, what the deputies saw in Kamchatka corresponded almost exactly to the decision adopted by them. Only the responsibility for the decision to halve the quota is passed on to the leadership of the Rear Services, the fuel service, and the commanders. It turns out this way: We have made the decision and you get out of the situation as best you can. And "getting out" of such a situation means either heating the barracks and carrying out alert duty every other day or heating them every day but operating for only half the season....

We are told to economize. And we do. But there's a limit to everything. Here is a telegram from Colonel General V.S. Tretyakov, commander of the Transbaykal Military District: "It is impossible to reduce personnel combat readiness and training measures and to organize alert duty, the transportation of material resources and foodstuffs, bath, laundry, and municipal services, and the supply of garrisons with coal and water within the set fuel consumption quotas." It is not difficult to understand the commander's forthrightness. After all, a 75 percent reduction in fuel consumption is demanded while the district's structure and tasks remain unchanged. Scientists maintain that a 50 percent fall in output is tantamount to the collapse of the state. But military districts are to be subject to a 75 percent standstill, which without fuel is inevitable! And everything will proceed calmly and smoothly? Of course, not. We will inevitably have unheated military camps, hungry personnel in unwashed uniforms, children who can't go to school, no means to transport people to the hospital....

There is a logical question here: Has the bleak Transbaykal region been treated according to the residual principle? Precisely so! But not just it but other districts and fleets too. The reason? One-quarter of budget appropriations for fuel have been "siphoned off" by the Chechen campaign. No one is in any hurry to replace them. The troops in Chechnya were given priority in supplies and are still being given it. Peacekeeping forces and troops in Tajikistan and the Dniester region are other objects of special attention. The army gets involved in clearing up the aftermath of natural disasters. The earthquake in Sakhalin is the latest example of this. Traditionally, we help agriculture: Around 20,000 vehicles were gotten ready for this year's harvest. Plus all manner of ceremonial events.... An air detachment burned up 3,000 tonnes of fuel each Victory Parade rehearsal. The parade cost the fuel service 10 billion rubles overall.... And all this out of an already slashed quota.

Thus, after urgent needs, which are often under the direct control of the government, are met, the rest get mere dribbles — for transport to the regions of the Arctic and the Far North, combat training.... Seventy-four percent of airfields lack fuel stocks for current needs. Forty-six percent of them have had even their emergency stocks wiped out. Pilot trainees at military flying schools have flown four to eight hours this year, as against a norm of 45 hours, because of shortages of aviation fuel.

In general terms, the Armed Forces' fuel tank is only one-third full today. At least another half-tank is needed if we are to make it through to the end of the year. "Refueling" will cost R2.4 trillion. The numerous loud, to put it bluntly, appeals made to the government on this score have produced no tangible results to date. The Finance Ministry is in no hurry to allocate monetary resources. The Defense Ministry's Central Missile Fuel and Fuel Directorate's debt to suppliers fluctuates between R200 billion and R400 billion. Moreover, around 20 percent of the money allocated for fuel goes on its transportation. Military transport communications organs are on iron rations too. The timetable for the supply of fuel to the Defense Ministry, which was countersigned by Russian Federation Government First Deputy Chairman O.N. Soskovets, is being followed unsatisfactorily....

FROM THE EDITORIAL OFFICE: On 7 December 1941 the American fleet in Pearl Harbor, to where the Pacific Fleet squadron has now set sail, was virtually destroyed by the Japanese overnight. This event was regarded as a national tragedy in the United States. Negligence on the part of the command is one of the reasons for it cited by historians. But let's guess who will be accused of negligence if Russia is deprived of its Armed Forces. After all, we know that the financing of not just the fuel service but the food supply service,

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the medical service and the clothing service is also at a critical point today. There is no money for combat training, research and development, arms purchases — that is to say, everything an army and navy must have if they are to function as combat-effective organisms....

And nevertheless the country waits expectantly to see what will happen as its Armed Forces — even without fuel — steam off to their own "Pearl Harbor."

Industry Official on "MAKS-95" Air Show

MM2208095595 Moscow IZVESTIYA in Russian 22 Aug 95 p 1

[Report by Viktor Belikov under the "From Our Correspondents and News Agencies" rubric: "MAKS Has Shown Itself to the Press"]

[FBIS Translated Text] Zhukovskiy — The Moscow Aerospace Show "MAKS-95" began its work in the city of Zhukovskiy 21 August with the press day that is traditional for such international shows. In one of the pavilions on the airfield the exhibition organizers spoke about the aircraft represented and the exhibits on show in covered premises and out in the open.

Goskomoboronprom [State Committee for the Defense Sectors of Industry] Chairman V. Glukhikh told IZVESTIYA's correspondent:

"The show which is beginning fits in well with the recently adopted so-called presidential programs for developing advanced areas of Russian science and technology. As is known, these include the program for updating and developing Russia's civil aviation through the year 2010. In particular, support for the Russian aviation industry presupposes the creation of a strong scientific center in Zhukovskiy on the basis of the Central Aerohydrodynamics Institute and the Gromov Flight Test Institute. The center is to tackle the whole range of questions relating to the creation of advanced aviation technology, as well as studying the world situation and conducting marketing and other research characteristic of a market economy. From this viewpoint 'MAKS-95' offers great opportunities to study the world aviation market and to promote on it Russian civil and military aviation technology, equipment, and attendant systems."

Concerning B. Yeltsin's planned visit to the air show, the show's organizers emphasize the president's special interest in the speediest appearance of the new long-haul Il-96 airliner with Russian engines on routes in Russia and throughout the world. A presidential aircraft of this marque is already being prepared in Voronezh.

Yeltsin Too Busy To Attend Show

LD2208105195 Moscow Russian Television Network in Russian 1000 GMT 22 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] Boris Yeltsin failed to turn up at the opening of the MAKS-95 aerospace show, even though it was reported long ago that he was expected to participate in the opening ceremony.

Answering questions from journalists, presidential press secretary Sergey Medvedev said Yeltsin receives many invitations but has to decline some because he has a lot of work to do.

Minister on Outlook for Nuclear Energy Sector

MK1808111895 Moscow OBSHCHAYA GAZETA in Russian No. 33, 17-23 Aug 95 (Signed to press 16 Aug) p 10

[Interview with Viktor Nikitovich Mikhaylov, atomic energy minister, by Andrey Vaganov: "Viktor Mikhaylov: 'There Are Very Many Doves in the Russian Security Council.' The Russian Federation Atomic Energy Minister Is Sure That His Department Shapes the Country's Military and Economic Potential;" place and date not given; from section of OBSHCHAYA GAZETA donated to staff of out-of-print daily NEZAVISIMAYA GAZETA]

[FBIS Translated Text] [Vaganov] Viktor Nikitovich, could you speak in some detail about the circumstances of your appointment as a member of the Russian Federation Security Council? There has been much speculation around it: They say that even Security Council Secretary Oleg Lobov learned about it only after the event, when he saw you at a Council session.

[Mikhaylov] I do not know how — with which of his aides — Boris Nikolayevich [Yeltsin] makes decisions on all of these personnel matters, but, of course, it is the president of the Russian Federation who appoints members of the Security Council. I know Security Council Secretary Oleg Ivanovich Lobov very well and I greatly respect him.

Why was I appointed? There are many very important reasons for this. First, as you are very well aware, at present there is a long-range program for downsizing the nuclear arsenals. Naturally, the rationality of this downsizing in terms of volumes and types of weapons constitutes the basis of Russia's national security.

The second reason is that, in spite of the colossal downsizing of nuclear arsenals, the nuclear weapons of the 21st century must nonetheless feature such safety,

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efficiency, and reliability that will correspond to the state of science and technology at the beginning of the next century. Here much work lies in store for us. At our federal nuclear centers — Arzamas-16 and Chelyabinsk-70 — the level of conversion has already reached 50 percent. The remaining 50 percent of that potential, however, is working to create that minimum required arsenal that will probably be adopted under the START-2 Treaty. The second stage of START-2 must be completed by the year 2003 if this treaty is ratified. The number of such weapons is known: up to 3,500 units on each side. The requirements imposed on these weapons from the point of view of their safety parameters in peace time, their effectiveness, and their reliability will be raised and must correspond to the standards that have now been reached in corresponding areas of science and technology.

The third reason is the prospects for peaceful uses of atomic energy, primarily the generation of electric and thermal energy. This is a tremendous area of work. Nuclear energy has ensured humankind a colossal leap in the development of production forces. By the end of the century, there will be about 6 billion people living on the planet. They must be provided with heat and energy. I believe that in this respect nuclear sources of energy are simply irreplaceable. Today 17 percent of electricity in the world is generated by nuclear power plants, and in the advanced countries, up to 75-80 percent. In the European part of Russia, the figure amounts to some 25 percent. To ensure the safety of nuclear power plants at such a level that any accident, should it occur, can be localized within its nuclear reactor and to ensure the development of nuclear power engineering are the most important problems. They involve the security of not only Russia but also the whole globe.

Finally, today we are doing much work (whose pace, unfortunately, is insufficient owing to poor funding) to clean up and rehabilitate territories affected by past military-industrial activity in the sphere of creating nuclear weapons, as well as to recycle waste.

All these matters, which are addressed by the Russian Atomic Energy Ministry, are becoming matters of national security. The atomic energy industry has always been on the cutting edge of science and technology. This industry stimulates the development of many branches, including electronics, the use of isotopes, and the like. Today the Russian Federation Atomic Energy Ministry predetermines the strength of both our armed forces and our economy. Therefore, I think that a fair decision has been made: that a minister heading such an important department (no matter whether it is Mikhaylov or somebody else) represent the industry's interests in the Security Council.

[Vaganov] How unexpected was this appointment for you? Was there a preliminary conversation with the Russian president?

[Mikhaylov] The question of my appointment was decided very quickly. I had a meeting with Boris Nikolayevich [Yeltsin] on Thursday, 6 July, and I was appointed on 7 July.

Generally, I meet with the president quarterly, on the average. I report to him on the state of things, on prospects, and on our difficulties. He is very attentive toward the atomic power industry, as is Viktor Stepanovich Chernomyrdin. Boris Nikolayevich is especially attentive, though. Considering that in the first half of 1996 a meeting of eight leaders of major world powers, including the Russian president, is due to take place, devoted to matters of nuclear safety, it would be right to say that these matters are being elevated to the level of interest of the entire world community.

I shall be frank. Deep in my heart I did not quite understand why a minister heading such a strategically important branch had not been part of the Security Council. For the most part, the power structures, the Ministry of Foreign Affairs, and the economic and financial spheres are represented there. There are some industries, though, including the atomic sector, which today largely shape our country's image. As for talk to the effect that Oleg Ivanovich Lobov had not learned about my appointment until a Security Council session, this is just not serious. The Security Council is now in recess. The next session will be in September. Therefore, I have not yet attended a single session of the Security Council as a member.

I know that there is much speculation. For some reason my appointment is being linked to Iran. It has nothing to do with Iranian problems. We have two treaties with Iran on peaceful use of atomic energy, and we are working according to these state treaties.

[Vaganov] Some analysts predict: Mikhaylov, a man with a huge infrastructure behind him — the Atomic Energy Ministry — could just as well sort of dictate his will to the president and the premier; now all the more so — this ministry is getting a virtually unlimited opportunity to strengthen its clout.

[Mikhaylov] This August we are commemorating the 50th anniversary of the industry. Our branch, in the form of the First Main Directorate under the USSR Council of Ministers, was established in August 1945, after the Americans had dropped nuclear bombs on Hiroshima and Nagasaki. Next, in 1953, the First Main Directorate was reorganized into the Ministry of Medium Machine Building. Now the Atomic Energy

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Ministry has 1 million employees, although its actual apparatus numbers slightly over 700. Overall, about 2.5 million of our fellow citizens work in the atomic energy industry. Today only 15 percent of the ministry's activity is related to military hardware: nuclear weapons and nuclear power plants for submarines.

The Atomic Energy Ministry has no other privileges than to work with radioactive elements under very difficult and unsafe conditions (including assembling and disassembling nuclear warheads, at nuclear fuel plants, and at nuclear power plants) — be it in wages or paid leaves. It is in exactly the same position as any other ministry, including the salaries in the ministry's apparatus.

[Vaganov] The ministry's opponents, however, talk not so much about your possibilities of securing social benefits for the industry as about the fact that the ministry will be able to push through strategic decisions beneficial to itself, in particular, the decision to bring in radioactive waste from abroad to be reprocessed at the RT-2 plant in Novosibirsk.

[Mikhaylov] We do not bring in any waste, except that produced by the nuclear power plants that have been built with our assistance in East European countries and Finland. The Atomic Energy Ministry has not imported anything else, nor is it going to. There have been no contracts or negotiations on this subject between the ministry and any foreign company. This is all sheer speculation. And, frankly speaking, I always take such talk very close to heart because I feel and actually see an intention to crush our industry, to break it into pieces.

[Vaganov] On whose part?

[Mikhaylov] Widely known is the statement by U.S. Defense Secretary William Perry in which he compared Russia's atomic industry to a Hydra: If one of its heads is cut off, another grows; this Hydra must simply be crushed. He said this at a gathering of the American Legion. Such a mood exists in many countries. This is hardly surprising, though. When Russia is going through a difficult period, many would like to turn it into a raw materials appendage to the rest of the world. We must not turn a blind eye to this fact.

The same refers to the smuggling of nuclear materials. Quite often both buyers and sellers here play the role of provocateurs from the special services [as published].

[Vaganov] Just as in last year's plutonium scandal in Germany?

[Mikhaylov] Not only that. Such things also exist in this country. This is the most upsetting thing. The organizers of such provocations presumably need to identify the channels of radioactive leaks. Now, my membership in the Security Council means that I additionally report to the Council on the actions that I undertake in both our internal and foreign activity connected with our exports. Increasing the level of exports is the only feasible proposition for the atomic industry that can help it stay afloat in difficult times.

[Vaganov] What are these export possibilities?

[Mikhaylov] Sometimes our technology is decades ahead of West Europe or the United States. We are ready to trade in materials or products manufactured employing this high technology and also in materials with high added value. Unfortunately, the world market has long been divided. Nonetheless, we are increasing our exports. In 1994, compared to 1993, we increased it by 20 percent and it reached $1.2 billion; this year we will reach the level of $1.5 billion, and in the first half of the year our exports have already grown by 30 percent. By the end of the century, we will reach $3 billion. By that time we will be almost unaffected by fluctuations in budget financing.

To place the Atomic Energy Ministry under the control of the Security Council is, I believe, my main function as a Security Council member.

[Vaganov] Do you perceive yourself more as a politician or as a business manager now?

[Mikhaylov] I will be frank. I am a pure physicist by training. My cherished dream has been to head a research and development project at a scientific institute. My last position before the ministry was that of director and scientific supervisor at a fairly large defense institute. I never thought that I might become atomic energy minister.

Do I perceive myself as a politician or a business manager? I perceive myself as a simple, normal citizen of Russia. Nothing has changed within me; I am at an age when nothing changes. This appointment gives me quite a few more duties and responsibilities, however.

On the other hand, I believe that it is very important to coordinate a course with the Security Council and the president in a timely manner so as to avert publications saying something like: There are so-called "departmental interests" of the Atomic Energy Ministry, and there are also Russia's national interests. The Atomic Energy Ministry and its people have always proceeded from Russia's interests, giving their life and health for the benefit of Russia's interests, and getting nothing in addition to their usual compensation. Still less does my appointment have something to do with a minister's petty ambitions or an intention to exert pressure on somebody. I am not a person to pressure anybody. Although

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I would not say that I give way easily, but there must be a certain logic in any action.

[Vaganov] France has announced that it is resuming nuclear weapon tests; China has in effect never stopped them. Will this not produce a chain reaction in the United States and Russia?

[Mikhaylov] We have discussed with scientists how to act in this situation: whether to appeal to the president to resume nuclear testing. Physics is an experimental science after all. But at the same time we have already conducted more than 700 nuclear tests, and a few more will not basically change the overall picture. Moreover, even if such a decision were made, these tests could only be conducted next year. We are bound with the United States just as it is bound with us by an agreement on the threshold for these tests — 150 kilotons — and also on verification systems: The opposite side must be notified of them 200 days in advance. Will these tests yield something or will they be harmful at a time when Russia is striving to join the world community and world institutions? In the end I came to the conclusion about the need to refrain from testing, although we, too, have some hotheads.

I am convinced that the United States will not resume nuclear tests. I am not sure that France will go ahead with the declared tests, either. A very substantial factor here is President Chirac's prestige.

[Vaganov] What is the condition of our test site in Novaya Zemlya?

[Mikhaylov] Everything in the country today is on a starvation diet, which allows survival but is insufficient to live decently. This also applies to the site in Novaya Zemlya. I received many telegrams from there, especially in May and June: No transportation was available for the employees and their families to go on their summer vacations.

[Vaganov] Are the technological links keeping the test site in an operational condition at least being maintained?

[Mikhaylov] Yes, they are. Within the minimum volume that is required.

[Vaganov] In spite of the fact that Russian nuclear scientists are highly treasured in the world and in spite of the fact that our technology in this field is sometimes superior to that in the West, we continue to be crowded out of this market. The latest example is the decision by the Ukrainian State Atomic Energy Committee to open an international tender for the building of a plant to produce fissile material for WWER-1000 reactors. So far it has been shipped to Ukraine's nuclear power plants from Russia. How can this affect our national interests?

[Mikhaylov] Indeed, there have been some losses (for instance, in the Czech Republic and in North Korea), but on the whole our presence on the nuclear technology market has expanded. We have penetrated South Korea, China, India, and Iran. We are now considering options for building nuclear power plants with Brazil and Indonesia.

As for the tender, I think that we will manage to find a mutually acceptable solution with Ukraine. Unfortunately, today Ukraine gives priority not so much to economic or technological expediency as to political ambitions. This will pass. Much has in the past three to four years. including with the Americans. We are finding solutions also to the antidumping limitations on marketing our materials on U.S. territory. U.S. nuclear power plants are rushing to us; they want to buy materials in Russia. The U.S. Administration is promising to consider the restrictions on Russian materials sales so that we can quite easily market our products.

[Vaganov] The leaders of various organizations within the Atomic Energy Ministry's structure with whom I have spoken recently are saying with one voice that now the branch needs political support from the state.

[Mikhaylov] This is exactly what we are working on. In this respect my participation in the Security Council can play a positive role.

I have written a book entitled "I Am a Hawk." I think that there are very many "doves" in the Security Council. I always say that without a hawk the dove population will degenerate. There should be at least one.

Regional Affairs

Reportage on Election of Eduard Rossel in Sverdlovsk

New Governor Seeks Equality for Region

LD2108163095 Moscow ITAR-TASS in English 1534 GMT 21 Aug 95

[By Nadezhda Potapova]

[FBIS Transcribed Text] YEKATERINBURG, August 21 (ITAR-TASS) — The newly elected governor of the Sverdlovsk region, Eduard Rossel, said he wants his region to have "relations of equal partners based on the rights of the members of the Russian Federation laid out in the Constitution."

Rossel, 58, who, according to preliminary results, received 59.9 per cent of votes in Sunday's gubernatorial

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elections, is known as a champion of the redistribution of powers between the centre and regions to give the latter greater freedom and independence.

He also advocates the policy of "reasonable regionalism" based on greater economic independence.

Two years ago, President Boris Yeltsin sacked Rossel from his post of regional administrator for declaring a self-styled Urals republic and demanding that its rights be the same as those of Russia's autonomous republics.

Rossel, 58, has worked in construction for more than 30 years and got used to solving problems on his own. After his election as chairman of the Sverdlovsk regional council, and then head of the regional administration, he tried to pursue an independent policy without agreeing it with the centre.

Rossel came to the idea of changing the status of the region after he had realised that there was no other way to make it equal with other Russian constituent republics and therefore independent.

After the adoption of the new Constitution, Rossel continued to press for greater independence of regions to give them a share in the federal government's powers and property.

His only rival in the run-off elections was incumbent governor Aleksey Strakhov, 53. Unlike Rossel, Strakhov who took over Rossel's post in 1993, advocates strong federal control over regions and their reforms, arguing that controlled reforms would be more successful.

The new governor's plan of action is reflected in "nine pledges" which provided the basis for his election programme and brought him the victory. Their essence boils down to the need to ensure a "real equality of the Sverdlovsk region with Russian constituent republics" and create legal and economic guarantees for local self-government.

Rossel "prioritises the production of consumer goods and defence conversion," as well as the funding of education, culture, sports, public health care and science, as well as the food and ecological security of the Sverdlovsk region.

The governor has pledged to continue privatisation "in the interests of the region's population" and provide targeted help to people, primarily the elderly and children.

The new governor will take office in 15 days.

Chernomyrdin: Election Result 'No Tragedy'

LD2208105795 Moscow INTERFAX in English 1004 GMT 22 Aug 95

[FBIS Transcribed Text] Barnaul, Aug 22 (INTERFAX) — The results of the second round of governor elections in the Urals' Sverdlovsk region are no tragedy for the Our Home Is Russia movement, its leader, Russian Prime Minister Viktor Chernomyrdin, said Tuesday in response to an INTERFAX question.

The premier came to Barnaul, Siberia, Monday evening as part of his three-day trip to Altay.

Sunday elections in the Sverdlovsk region resulted in a victory for Eduard Rossel, who won by a large margin over the current regional governor and renowned member of the Our Home Is Russia movement, Aleksey Strakhov.

"There is no tragedy in the election results. People chose the one they wanted. Let it be Rossel," said Chernomyrdin.

In his words, Eduard Rossel is an experienced politician whose popularity was high in the region before the elections.

In the opinion of Chernomyrdin, the election results have nothing to do with the election campaign of the Our Home Is Russia movement. He does not view the Sverdlovsk elections as rehearsal for the movement.

Commenting on the election campaign of the movement, the premier stressed "the movement has things to tell people. We know what we want and know how to do it."

Today Chernomyrdin will acquaint himself with the Altay territory. He will leave for the republic of Altay, neighboring the territory, Wednesday to meet the republican leaders and acquaint himself with the life of Altay cattle-breeders.

Rossel's Electoral Success Analyzed

MM2208091995 Moscow KOMSOMOLSKAYA PRAVDA in Russian 22 Aug 95 p 1

[Report by Aleksandr Gamov: "Limbering-Up: Mass Exodus of Yeltsin's Countrymen to Ural Republic"]

[FBIS Translated Text] So, "Ural Republic man" Eduard Rossel, who has beaten the "Home centrist" Aleksey Strakhov with a 60:30 majority, has taken by storm the governorship in Yeltsin's homeland. But these gubernatorial elections must be seen not as the handiwork of the local oblast electoral committee but as a rehearsal for the coming battles for the federal Olympus, during which several "formulas for victory" emerged.

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One. A candidate hopeful of success should be disgraced, better still if he is insulted by the supreme rulers. Rossel, who was exiled two years ago from his sought-after post by his illustrious countryman for the "nonsensical" idea of the Ural Republic, appeared as a "great holy martyr" in the eyes of the people of Sverdlovsk. Strakhov, who was head of the oblast by presidential edict, did not threaten to have it out with the Center, which is "fleecing the Urals." Unlike B.N. [Yeltsin], the voters did not appreciate this.

Two. If the federal authorities do their utmost to love and nurture "their" candidate, he will "burn himself out." The Russian Government did Strakhov a disservice by sending a nice multibillion "campaign payment" to settle wage arrears. The people of the Urals saw it like this: Under Strakhov we will have to struggle to obtain what is ours, but if we elect Rossel, there will be no need to go begging.

Three. If a candidate has an empty purse and, unlike his rivals, rarely appears on television, he is assured of success. Rossel was in a favorable position: His official electoral funds totaled just 300 million rubles, which is almost one-third that of Strakhov's.

Four. The candidate whom the ordinary people want should have the backing of the smallest number of local business bigwigs. It is said that Strakhov had the backing of almost 50 powerful commercial firms, while Rossel was left trailing with around a dozen, which were not of the first order of magnitude, moreover.

Five. In order for a contender to lose, his publicity campaign must be mounted using U.S. methods, involving top-notch specialists. Victory will smile on anyone who rests upon the frail shoulders of green advisers.

And the last and final point. It is the case that people in the Urals take a suspicious view of people whose heads are either partially or entirely without hair — they say that there is something reminiscent of the "party nomenklatura" in that. At one time Yeltsin, who ousted bald bosses, was beloved not only for his ideas but also for his haircut with its curly tufts of hair. Rossel also has a great advantage over his rivals when it comes to hair.

Kalmyk President Declines Extension of Term

MM2208083595 Moscow SELSKAYA ZHIZN in Russian 19 Aug 95 p 3

[Report by Yuriy Yudin: "President Ilyumzhinov Declines Extension of His Term"]

[FBIS Translated Text] Republic of Kalmykia — Kirsan Ilyumzhinov's refusal to extend his presidential powers through the year 2000 — powers granted him by Kalmykia's legislative assembly — has come like a bolt from the blue. He issued a statement on this decision the next day at a session of the republic's People's Hural (parliament) and proposed holding an early presidential election — more than two years before the expiry of the term provided for in the republic's Steppe Code (fundamental law).

Kirsan Ilyumzhinov explained his unexpected step by saying that the promises that he gave the voters, particularly with regard to the development of the local processing industry, power generation, and oil and gas extraction, as well as culture and education, are being fulfilled in the main. A program has been outlined to prevent further disintegration in agriculture. Now it is necessary to enlist the voters' renewed support, in order to continue the transformations in the republic more vigorously.

After some confusion the deputies of the People's Hural agreed to President Kirsan Ilyumzhinov's proposal and arguments. It is planned to hold an early presidential election 15 October this year.

Further on Zyuganov's Stavropol Campaign Trip

MM2108154595 Moscow SOVETSKAYA ROSSIYA in Russian 19 Aug 95 pp 1, 3

[Report by Nikolay Volgin: "'Red Belt' Expanding. Stavropol Residents Show Great Interest in G.A. Zyuganov's Speeches"]

[FBIS Translated Text] Stavropol Kray — Apt answers are not usually applauded at press conferences. But [Communist Party of the Russian Federation leader] G.A. Zyuganov's answers in the Stavropol region, where he spoke for exactly an hour and answered at least 15 questions, were interrupted at least that many times by prolonged applause.

A brief note from the administration of the Stavropol trade unions' Cultural and Sports Center, venue for the meeting, attended both by journalists and by many residents of the kray center: The city's biggest auditorium has 2,500 seats, and they were all full — both stalls and balconies. The spacious entrance lobbies were also full to overflowing, an extra audience amounting to almost half of the hall's official capacity. A further 1,000 or so people listened to his remarks in the square outside the center, where a vehicle with a public-address system was installed, and people also filled the balconies of the center facing toward the square....

The day of the press conference the local radio station broadcast extracts from G. Zyuganov's answers to journalists at the end of a program. Short extracts, not the full speech.... And it rounded off its report with

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a song by a rock group saying "the wind is blowing the storm petrel again" and containing the repeated refrain: "You cannot lure us into revolution." They were carrying out their "social orders"!

Both at the press conference and at other meetings with voters in the Stavropol region G. Zyuganov said:

"The upcoming State Duma elections and presidential elections may be the last ones for Russia. They are the last chance to change the catastrophic, disastrous course by political, peaceful means and to prevent bloodshed."

The CPRF [Communist Party of the Russian Federation] leader received a very attentive hearing. Incidentally, there were many young people among the audience: At least one-fourth were 25-30 years old, and up to one-half were under 40-45 years old.

Aleksandr Chernogorov, secretary of the Stavropol CPRF City Committee, confirms: "Young people are flocking to us, there are more members of the engineering and technical intelligentsia and students. We are no longer an organization of a pensioners' party, as some people would like to make out." Local observers noted that during V. Zhirinovskiy's visit to Stavropol a much smaller hall was by no means full. Why is this? Better organizational activity by the local CPRF organization than by the Liberal Democrats? That is part of the equation, so to speak. But, with a single exception, the local mass media did not report G. Zyuganov's arrival in Stavropol, and even the organizers were not certain of the date of the meeting until the last day because of G. Zyuganov's possible participation in an emergency session of the Russian Federation State Duma. Hastily photocopied notices appeared in the city's streets only on Monday morning.

Life in Stavropol now is the same as it is throughout Russia. Maybe it is actually worse in some respects. According to figures from the Russian Federation State Committee for Statistics, the cost of living here is higher than in neighboring Krasnodar Kray and Rostov Oblast, for instance. Incomes are lower. All major industrial enterprises are idle in the city — the KamAZ trailer plant, the chemical reagent and luminophore plant, and the "Signal," "Anilin," instrument, and "Neptun" plants. As jobs are cut minimarkets and full-blown markets are growing; a new market of unprecedented size has been introduced on the southwest outskirts of the city. Only construction workers, whose numbers have also greatly decreased in the last four years, are still holding on somehow thanks to orders for housing for the military units stationed in the city and the local municipal program, but a large proportion of payments even for these orders is delayed. The situation in the countryside is extremely grave: The harvest is below last year's, quality is worse, and peasants, both kolkhoz members and private farmers, have no money. The local branches of companies that held out promises of a trouble-free life — "Russkiy Dom Selenga," "MMM," and the "Nikolay, Timofey, Ivan, Konstantin" scientific and technical investment company — suddenly went bust. A worker was removing the "Russkaya Nedvizhimost" ["Russian Real Estate"] sign from the Veterans Council building the day of the press conference. Two days before G. Zyuganov's meeting with voters some of the fleeced investors held a rally in the city's central square. An activist in the local "People's Front" that once existed in Stavropol shared her impressions:

"There were just as many people as came to support us in August 1991, but the mood of these people was very different."

The slogans in the square were also different. VECHERNIY STAVROPOL [Evening Stavropol], the city paper, reports:

"The marble base of the monument to the leader of the proletarian revolution was adorned with placards making various comments about the government, such as: 'The Kremlin bandits...have twice robbed the working people. First via savings accounts, then via the criminal companies that they themselves brought into being. They are monsters.'" The reporter continues: "Elderly people roundly assailed one speaker who made an incautious remark about the Soviet Union. 'Did the Soviets do anything bad to you?' they shouted at her."

"We do not promise and we have no right to promise that everything will immediately change for the better as though by magic if our party wins the elections," G. Zyuganov told voters living in the increasingly broad "Red belt." "The country is now experiencing too grave a crisis for that to be possible. But our aim is to ensure that it is honorable and advantageous to work rather than speculate, to earn rather than steal."

The party's leaders regard three points in the CPRF domestic political program as most important: individual security, a worthy life for every family, and territorial and state integrity for Russia. In foreign policy, in his opinion, there are also three key factors that are now most dangerous: Russia's confrontation with the Muslim world, which hostile forces both outside and inside the country are doing their utmost to urge on Russia, the deterioration of relations with China that may result from implementation of Ye. Gaydar's proposals for increasing the armed forces on the Far Eastern border, and the conflict with Ukraine over Crimea and the Black Sea Fleet — an artificially created conflict that it will be easy to resolve once there has been a change of political leadership in the Kremlin, after the advent of patriotic

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forces there. A mounting desire for unification, in G. Zyuganov's opinion, can be seen not only in Belarus but also in Ukraine and Kazakhstan. A different kind of danger is posed by the proposals to cede some Russian territories to foreign states.

These words by G.A. Zyuganov also evoked a burst of applause....

"In the United States any proposals to hand over Alaska to Russia, New Mexico to Mexico, or Louisiana to France — incidentally, the countries from which the Americans either bought or won these territories — would prompt legal proceedings, and the authors of these proposals would face a long term in jail and confiscation of property," G.A. Zyuganov remarked.

According to the Communist leader, "the Chechen crisis, whose instigators are primarily the Moscow rulers, could be the start of a shattering process not only in southern Russia."

This was said precisely two months to the day after the carnage in Budennovsk perpetrated by Shamil Basayev's terrorists. This date was not recalled either at the official level or in most of the mass media. The decree on allocating funds to eliminate the aftermath of the tragedy is stalled somewhere in the offices of Russian Federation government house. The sum of a little over 5 billion rubles received by the ill-fated town is not enough even to fully reimburse damages suffered by private individuals.

"The operation to eliminate this festering conflict must be not only swift but multifaceted," G. Zyuganov believes. "We are in favor of a political settlement, but we cannot rule out the necessary force to prevent the conflict from spilling over into Dagestan and Ingushetia and the region between the Caspian and Black Seas, where 17 million people live. There is a need for cooperation with the elders of local clans and authoritative people within administration structures and the region's representative organs. There may also be a need for unorthodox moves: The gunmen include many whose origins are not in Chechnya, so we should even pay them off and allow them to leave the conflict zone after disarmament."

There were some questions that came up repeatedly at meetings with voters and in conversations with journalists. For instance: Is there any guarantee that the elections will take place and is it possible to prevent their falsification? The opinion of the Communist leader is this: As the elections to the Bryansk Duma showed, it is possible to ensure that the results are objective. Yes, the authorities may attempt both to cancel and to falsify the elections, which would be the final tragedy for Russia. This is why an active civic stance on the part of every voter is so important now, along with understanding on their part of who is who in the political arena.

Ossetian Official Comments on Returning Refugees

LD2108182195 Moscow ITAR-TASS in English 1719 GMT 21 Aug 95

[By Valerly Shanayev]

[FBIS Transcribed Text] VLADIKAVKAZ, August 21 (ITAR-TASS) — The acceleration of the process of the return of Ingush refugees and forced settlers to the places of their former residence on the territory of North Ossetia without taking into consideration the present social and psychological realities may lead to the aggravation of the situation in the region, Aleksandr Tsaliyev, Minister of Justice of North Ossetia, told ITAR-TASS today.

The recent statement by the parliament of Ingushetia saying the "Ossetian side continues to hinder in every way the return of citizens of the Ingush nationality deported from the Prigorodnyy district and the city of Vladikavkaz," contradicts the ideas of the agreement between North Ossetia and Ingushetia on the implementation of decrees of the president of the Russian Federation on the elimination of the consequences of the Ossetian-Ingush conflict and provokes confrontation between the Ingush and Ossetian peoples, the minister believes.

In view of Tsaliyev, the problem of refugees must be settled stage-by-stage as in the populated localities where they are returning, houses and social objects and communal facilities have not been restored, and conditions ensuring mutual security have not been created.

Vladimir Exports Rise 150 Percent in Jan-Jun 1995

MM2108154195 Moscow IZVESTIYA (Financial Section) in Russian 17 Aug 95 p 2

[Unattributed report "based on PRAYM reports" under the "News" rubric: "Vladimir Oblast Increases Export Output"]

[FBIS Translated Text] In the first half-year Vladimir Oblast's exports increased by 150 percent compared with the same period last year and totaled $68 million. The proportion of export deliveries to the total volume of output produced increased to 8.5 percent compared with 6.2 percent last year. The main exporters are still the Vladimir tractor plant with $12.5 million; Kovrov's Degtyarev Plant with $7 million, and the

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Murom switch plant with $5 million. The number of exporting enterprises increased from 57 to 129.

Moscow Oblast Municipal Bank Chairman on Policy

954F3084A Moscow MOSKOVSKIYE NOVOSTI in Russian No. 48, 16-23 Jul 95 p 11

[Interview with Andrey Borodin, chairman of the board of the Moscow Municipal Bank, by Vladimir Gurevich; place and date not given: "'Our Policy Will Be Conservative'"]

[FBIS Translated Text]

MOSKOVSKIYE NOVOSTI Dossier

Andrey Fridrikhovich Borodin, 28 years of age, a Muscovite, studied at the Moscow Financial Institute and afterwards in Germany, trainee at the Deutsche Bank, worked three years at the Dresdner Bank, afterwards adviser on economic questions to Mayor Yuriy Luzhkov for a year, after which he received an offer to work on the establishment of the Moscow Municipal Bank.

[Gurevich] Your rather swift appearance on the financial market simultaneously caused concern and skepticism. On the one hand, a new bank is emerging that serves the accounts of the Moscow government and possibly has privileges resembling those of the former Soviet "special banks." On the other hand, what is this bank able to do, and what kind of resources does it have to undertake this kind of work?

[Borodin] All these questions are natural, and it was clear that they would come up. But I prefer simply to turn to the facts. The Government of Moscow directive on the creation of our bank came out this spring, on 2 March. It was decided to establish it on the basis of the Moscow clearing bank, which was not known to many, was "slumbering" peacefully, and literally had few clients. To form solid authorized capital—we are now talking about 100 billion rubles [R]—we issued our own shares of stock and simultaneously started our work. Since the beginning of May the Moscow Municipal Bank has already earned more than R4 billion, of which R1 billion was donated for restoration of the hospital in Budennovsk. In addition to everything else, we did this for the purpose of calming talk that allegedly it will take a long time for us to get on our feet.

[Gurevich] Statements by the board of your bank about the fact that the Moscow Municipal Bank is being subjected to pressure and individual employees are being threatened are well known. It was also said that the pressure is coming from commercial, mafia, and bureaucratic structures that are unhappy with the appearance of this bank.

[Borodin] Yes, there was pressure, and it is still continuing on the part of some bureaucrats. But the more successfully we work, the quicker will they realize that such a style of "relations" is ineffective.

[Gurevich] How is the placement of your shares of stock proceeding—after all, R100 billion is really large emission for a young bank.

[Borodin] At present we have already formed more than 90 percent of the announced authorized capital. And in the next two or three weeks, at the beginning of August, the placement of shares of stock will be completed.

[Gurevich] Who are your stockholders, and to what extent will you really be the Bank of Moscow, under the control of the capital's government?

[Borodin] Our primary stockholders are, on the one hand, municipal structures, and on the other—large commercial banks. Among the first are the Moscow Property Fund, the Committee for the Management of Property, and municipal enterprises. Informally this makes it possible for the Moscow Government to control the situation in the bank. Informally, inasmuch as we cannot violate the statute, according to which the share of one founder in the bank's capital cannot exceed 35 percent. Simultaneously, the Moscow Business Bank, Moscow Savings Bank, Tveruniversalbank, Capital Savings Bank, and Unikombank became stockholders. The directors of Inkombank and Most-Bank also talked about such a possibility.

[Gurevich] Nevertheless, is it possible to consider you an ordinary commercial bank, if the capital's authorities have control in it?

[Borodin] Some believe that we will blindly execute the decisions of the Moscow Government. But besides its representatives, the influential commercial banks have their own voices, and rather weighty ones. In addition, the Bank of Moscow was established not simply to carry out mechanical operations, but in order to earn money, as a bank should.

[Gurevich] Does this mean that you will observe the common standards that exist for all banks?

[Borodin] Since such standards exist, how else? I think that the requirements for banks should be common.

[Gurevich] But what are the specific features of a municipal bank?

[Borodin] The status of a municipal bank in Russia is not defined at present. It appears that the State Duma will examine an appropriate draft law this autumn. But in general such an institution is not a rarity in the world. In Germany, whose practice I know well, land banks

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(that is, regional banks) and municipal banks operate very successfully.

[Gurevich] In any case it is clear that you will take over the servicing of Moscow Government accounts.

[Borodin] At present capital accounts have been opened with us for the support of small business, the ecological fund, the Committee on Culture, and the road fund. This scope will gradually be expanded, but the question is not on the agenda for all budget money to be reserved for our bank—this is not possible technically or economically. In addition, there are accounts that other banks handle quite successfully and for the benefit of the city, and it makes no sense to alter or break them up one after the other.

[Gurevich] The banks that are already working with the city budget have interpreted your appearance rather guardedly. But recently, as was noted by Vladimir Gusinskiy, president of Most-Bank, the Board of Authorized Banks of Moscow supported the idea of the creation of a municipal bank.... What kind of "triangle" will this be: authorized banks, a municipal bank, and the capital government?

[Borodin] A joint working group has been set up now to streamline these relationships.... But in principle, Moscow's budget is large, and there are many accounts. Taking such resources into consideration, the more the merrier. Naturally, one has to prove one's right to a place in the sun. However, I am confident that very soon we will be able to join the group of the 20 largest banks.

[Gurevich] Will this not be too "soon" for a bank that was established just several months ago? Others took many years to reach this point.

[Borodin] But, after all, it is easier for us in some ways, we will be able to avoid the mistakes that our older colleagues, going first, unwillingly made. But in addition, now a number of banks are ruining themselves, their clients are leaving, and we hope to attract them without causing the other banks any heartburn, as happens when you try to win over their clientele.

[Gurevich] Do you intend to work only with legal entities?

[Borodin] In order to work with physical persons it is necessary to have a widespread network of branches and departments. Therefore, for the time being our clients are organizations plus, possibly, we will serve their workers. As for our functions, this entails support for various municipal programs, including participation in banking consortiums that can be created for this purpose. Naturally, handling accounts, investment of client resources, work on the interbank credit market and the currency market (before long we will receive a license for hard currency operations), work with municipal securities, and the issuance of our own securities. We have now invested a lot of resources in short-term state bonds. Although, unfortunately, there are still very few other reliable securities on the market. But we cannot take risks, and we will maintain a conservative policy. Since working with the money of the Moscow budget, while it gives the bank big opportunities, at the same time demands that reliability be uppermost.

Economic Issues

Government Sets Terms for Issuing Federal Bonds

LD2108203195 Moscow ITAR-TASS in English 2025 GMT 21 Aug 95

[FBIS Transcribed Text] MOSCOW, August 22 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin signed a government ruling under which the Finance Ministry would issue Federal Savings bonds in amount of up to 10 trillion roubles in 1995-1998. Bonds will be issued in ten series worth one trillion roubles, with a yearly term of circulation. The first series will be issued in September 1995.

Bonds will be paid back at a quarterly period with interest which is promised to be higher than in case of other securities. Interest will be calculated on the bond nominal value.

The state securities will be sold and bought on the Russian territory by authorised banks and other financial institutions to be defined by the Finance Ministry, with no limitations on the number of bonds purchased.

Holders of the Russian domestic premium bonds issued in 1992 will be entitled to voluntarily exchange them for the new securities.

Cabinet Approves Three-Stage Pension Reform Concept

MK1908145095 Moscow SEGODNYA in Russian 18 Aug 95 p 2

[Report by Elmar Murtazayev: "Cabinet Has Approved Pension Reform Concept"]

[FBIS Translated Text] The Government of the Russian Federation has approved, on the whole, a pension reform concept developed by a number of federal ministries and departments in cooperation with Russia's Pension Fund, according to Lev Yakushev, head of the Directorate for Pension Development Prospects at the Ministry of Social Security. In an interview with INTERFAX, he

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said that the concept provides for the creation of a three-level pension system.

The first level implies a basic pension, which, at some point down the road, must take the place of the current social pension. The second level is a service/insurance pension, ensuring that the conditions on which the pension is granted and its amount conform to the years of service and the number of installments made to the pension fund. The third level of the pension system, as Mr. Yakushev said, must be nonstate pensions, including professional pension systems of particular organizations, industries, or territories, as well as voluntary pension insurance for individuals.

A Ministry of Social Security spokesman emphasized that the reform is also supposed to make it impossible for the people to be paid pensions and wages at the same time.

Fedorov Proposes Two Candidates for Bank Chairman

MK1908150495 Moscow KOMMERSANT-DAILY in Russian 18 Aug 95 p 5

[POSTFACTUM report: "Boris Fedorov Offers the President the Candidacies of Dmitriy Tulin and Andrey Kazmin for the Position of Central Bank Chairman"]

[FBIS Translated Text] Boris Fedorov, chairman of the Duma Subcommittee on Monetary Policy and former Russian Federation finance minister, has forwarded to Boris Yeltsin a letter with a proposal to consider the candidacies of Dmitriy Tulin, Russian director in the IMF (ex-member of the Bank of Russia board of directors), and Deputy Finance Minister Andrey Kazmin for the position of chairman of the Russian Federation's Central Bank of Russia. Mr. Fedorov's letter says that "the situation in which the seat of the country's chief banker has remained vacant for more than a month is harming the country and putting a brake on financial stabilization."

Moscow-Altay Trade, Cooperation Agreement Signed

LD2108071695 Moscow ITAR-TASS in English 0655 GMT 21 Aug 95

[By Valentin Pavlov]

[FBIS Transcribed Text] Barnaul, August 21 (ITAR-TASS) — Shops in Moscow city and region will soon offer customers a wide assortment of bread, flour, cereals, macaroni products and other goods from Altay territory. Under an agreement for long-term cooperation signed by deputy chief administrator of the Moscow region Vladimir Semayev and Altay governor Lev Korshunov in Barnaul today ahead of Prime Minister Viktor Chernomyrdin's arrival in the region. [sentence as received]

The terms of the agreement are mutually beneficial. Moscow will pay for high-quality Altay goods not only with money but also with scientific and technical assistance in the development of the territory's processing industry.

Moscow is expected to step up supplies of its industrial goods to Altay, open joint ventures and trade offices in southwest Siberian territory that has been attracting more and more domestic and foreign attention lately.

The two Russian regions will expand cooperation in construction, technical re-tooling and reconstruction of enterprises and in training specialists.

EBRD Allocates Loans for Russian Small Businesses

MM2108144795 Moscow ROSSIYSKAYA GAZETA in Russian 18 Aug 95 p 15

[Unattributed report from "Finance and Credits" column: "Small Business Stakes"]

[FBIS Translated Text] The European Bank for Reconstruction and Development (EBRD) is allocating $300 million for long-term credits to small business enterprises in Russia.

Small business enterprises will be able to obtain credit for a two-year term in the sum of up to $50,000. In individual cases that sum could be $75,000. The funds are being allocated to entrepreneurs for the implementation of projects in the sphere of production and services. The credit may be granted for the purchase of machines and equipment, for supplementing circulating capital, or for the acquisition of real estate. Loans may be taken out by enterprises with not more than 50 employees including management.

EBRD Probes Kamaz To Decide on $100-Million Credit

MK2208042895 Moscow KOMMERSANT-DAILY in Russian 19 Aug 95 p 9

[Report by Andrey Gogolev: "Nikolay Bekh Has Passed the Proficiency Test"]

[FBIS Translated Text] Ron Freeman [name as transliterated], EBRD first vice president; and Bill Morrow [name as transliterated], senior banker with the EBRD's Russian Department, last Thursday completed a study of the situation at the Kamaz joint-stock company. The visit by the EBRD's high-level representatives to Naberezhnyye Chelny took place shortly before the final

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session of the bank's council, which plans to return to the question of extending Kamaz a $100-million credit to ensure financial and production stabilization.

At its previous session the EBRD Council postponed the disbursement of the second part of the credit to the Kamaz joint-stock company, which experts attribute to French and German motor companies' lobbying for their interests, which fear competition from Kamaz on the world market. Prior to the next EBRD Council session, scheduled for 23 August, the London bankers, who had arrived in Naberezhnyye Chelny, conducted an on-the-spot check into the earlier conclusions about Kamaz' performance. The performance by the plant's marketing and sales, economics and finance, and research and development departments was given in-depth analysis. Taking part in the discussion of the joint-stock company's main areas of work were President Nikolay Bekh and his deputies Yuriy Borisov, Leonid Komm, Oleg Belonenko, Dmitriy Martidi, and Ivan Kostin, who, sources in the Kamaz general directorate say, were subjected to a kind of professional fitness test.

The EBRD representatives visited all of Kamaz' plants in Naberezhnyye Chelny and were briefed on the latest models of the motor products line. They displayed a special interest in the activity of Kamaz' technical center, which was used by the joint-stock company's management as a model to show how the plant's network of service centers, which numbers 200 enterprises in the CIS and abroad, is being reorganized as a dealer structure designed to sell motor vehicles and spare parts.

Commenting on the results of the two-day visit to Kamaz, Freeman said that Kamaz President Nikolay Bekh had provided exhaustive answers to questions about how the EBRD credit would be used. This information will be very useful for the bank's council when making a decision on extending the credit.

On 17 August the London bankers flew to Kazan, where they were received by Tatarstan President Mintimer Shaymiyev. According to POSTFACTUM, during the meeting the sides discussed the possibility of the EBRD's financing large investment projects for the Kazan Optiko-Mekhanicheskiy Zavod production association, the Radiopribor production association, and the Lenin scientific and production association, and the question of the EBRD's opening its mission in Kazan. As a result, it was decided to authorize a Tatarstan bank to work with the EBRD.

Enterprises Increase Rate of Return to Government

MM2208122995 Moscow IZVESTIYA (Financial Section) in Russian 22 Aug 95 p 2

[AFI report: "Over 312 Billion Rubles in Enterprise Debts Repaid to Budget in First Half-Year"]

[FBIS Translated Text] Over 312 billion rubles [R] in insolvent enterprises' budget arrears has been repaid to the budget in the first half of 1995. A high-ranking representative of the Federal Administration for Insolvency (Bankruptcy) announced that this amount is three times the amount of budget revenue from privatization, which stood at R104 billion in the first half of the year. According to the Federal Administration spokesman, over 2,060 Russian enterprises with more than 25 percent of their capital in federal ownership had been declared bankrupt by mid-March and will be subjected to rescue and rehabilitation procedures in the near future.

Privatization of Rybinsk Engine Plant Examined

MK2208045295 Moscow KOMMERSANT-DAILY in Russian 19 Aug 95 pp 1, 2

[Report by Andrey Serov under the "Problems of Enterprises' Insolvency" rubric: "'Rybinskiye Motory' as an Engine of Defense Industry Privatization"]

[FBIS Translated Text] The evolution of an intrigue that has been carried on for the past few days over the privatization of the "Rybinskiye Motory" ["Rybinsk Engines"] joint-stock company promises to be extremely fascinating. The privatization drama against a military-industrial background is unfolding on as many as two stages — at the White House and at the enterprise director's office. The crux of the conflict is the crossing of the interests of the "Gazprom" Russian joint-stock company, the State Defense Industry Committee, top persons of the federal government, and also rival Russian companies and their Western partners.

Prologue for a Militiaman With an Instruction

On Thursday morning, Vladimir Gusev, representative of the Federal Administration on Insolvency Cases [FUDN], accompanied by militiamen, entered the office of Valeriy Shelgunov, general director of the "Rybinskiye Motory" joint-stock company. The director was handed a directive by Administration Chief Petr Mostovoy dated 17 August on ending Shelgunov's powers and appointing Albina Kalinina manager of the joint-stock company. According to Valeriy Shelgunov, this was followed by an attempt to drive him out of his office by force, which fell through only thanks to the intervention of third persons.

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Petr Mostovoy asserts that no one was going to turn Shelgunov out of his office and that Kalinina was accommodated in another room. Moreover, the FUDN chief told your KOMMERSANT-DAILY correspondent that some unauthorized security men did not let Kalinina enter the plant's grounds on Friday. The federal administration also had to engage tax police agencies in its efforts, because they allegedly have information on Shelgunov's attempts to transfer the enterprise's money to urgently opened new accounts. On his part, Shelgunov drew Igor Zaramenskiy, presidential representative in Yaroslavl Oblast, and the oblast prosecutor's office, into the inquiry. This yielded some results: The presidential representative has already called the FUDN's actions illegal and the prosecutor's office has expressed its protest.

To justify its actions, the administration says that, in its judgment, Valeriy Shelgunov, current director of "Rybinskiye Motory," was elected illegitimately. Representatives of the joint-stock company have a different opinion. They believe that the FUDN is rushing to remove Shelgunov before he files a lawsuit with a court of arbitration requesting that the sale of 5.6 percent of the enterprise's stock to the Moscow-based firm RST be deemed null and void. It should be noted that the transaction was clinched under the previous director, Valeriy Anikin.

A Crowd Scene. A General Meeting of Shareholders

Valeriy Shelgunov replaced Valeriy Anikin as director by decision of the April shareholders meeting. What proved decisive in the vote was the view expressed by Valeriy Voskoboynikov, who represents the state's interests in the joint-stock company, which amounts to 37 percent of "Rybinskiye Motory" stocks. Voskoboynikov is deputy chief of the State Defense Industry Committee's Aviation Industry Administration. On 14 August, Petr Mostovoy issued a directive that declared the meeting's decision invalid. The directive was based on another act issued by Mostovoy's administration, which deemed "Rybinskiye Motory" to be insolvent. For this reason, bureaucrats argued, it is the administration for insolvency cases that should manage its stock. Therefore, Shelgunov's continuing stay in the post of general director was called illegal.

He himself says the following in that regard. The FUDN act that deemed the enterprise insolvent (as a matter of fact, the Russian Accounting Chamber is energetically contesting this document) did not deprive Voskoboynikov of the right to vote with the state-owned block of shares, for which reason the general meeting's decision should be considered valid. When Mostovoy received him, Shelgunov suggested that the dispute be settled in the court of arbitration. Mostovoy, however, urged the director to sign a contract for the joint-stock company's management by the federal administration until an emergency meeting of shareholders takes place. Had Shelgunov accepted this proposal, he could have effectively remained at the helm and even increased his salary. But he did not give his consent within the three days given to him.

This confirms the suggestion that the conflict is not unfolding according to the traditional scenario in which the FUDN fires an inefficient director who puts up resistance in an attempt to keep his long-occupied office. These events should be seen in the context of a long struggle for influence on the country's largest aircraft engine plant.

On Olympus

A proposal was once made at a government meeting to discuss the fate of "Rybinskiye Motory." The premier responded: "We know what is to be done with 'Rybinskiye Motory.'" The joint-stock company was not included on the government-approved list of strategically important enterprises whose state-owned shares may not be sold. On the contrary, a special decree declared the entire [state-owned] 37 percent of "Rybinskiye Motory" stock up for grabs. It is well known that the main candidate wishing to buy them is a joint venture that includes "Gazprom," the Tupolev Aviation Scientific-Technological Center, and a foreign engineering company. It is also an open secret that "Gazprom" badly needs gas-pumping engines that it still has to buy abroad.

Had "Gazprom" had an opportunity to buy such engines in Russia, this would have enabled it to make considerable savings. A project to manufacture gas-pumping engines on the basis of aircraft engines was drawn up at "Rybinskiye Motory" under Valeriy Anikin, who made contact with the U.S. company "General Electric" for this purpose.

This concept did not go down well with the State Defense Industry Committee, which voted via its representative to remove Anikin and elect Shelgunov. The new director placed emphasis on the development of PS-90 engines for the new passenger aircraft Tu-204. But soon design flaws were revealed in the PS-90's, which made it effectively impossible to operate aircraft equipped with them. Nonetheless, Shelgunov went on pursuing his line; so "Gazprom" had no other choice but to launch an offensive.

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A Dialogue Between an Etatist and a Free-Marketeer

The State Defense Industry Committee's main argument against selling the state-owned block of shares of "Rybinskiye Motory" is the need to ensure security, for the joint-stock company also manufactures engines for military aircraft. Thus the State Defense Industry Committee is defending a fairly wide-spread view whereby only state enterprises can work conscientiously to strengthen the country's defense. The advocates of privatization, particularly Petr Mostovoy, assert, for their part, that the sale of state-owned shares in "Rybinskiye Motory" would help strengthen the industrial potential that has a defense importance. In that regard the sale of the state-owned stake opens up the prospects for injecting investment.

According to another theory, opponents of the privatization of "Rybinskiye Motory" are defending not so much the interests of national security, but, rather, those of the Rybinsk enterprise's main rival — the "Permskiye Motory" joint-stock company. The Perm-based plant has embarked on carrying out a project to produce both aircraft and gas-pumping engines together with the U.S. "Pratt and Whitney" company. Given that Viktor Glukhikh, chairman of the State Defense Industry Committee, hails from Perm, one may presume that "Permskiye Motory" attempted to influence the fate of its rival through government structures.

Finale

The government decree on selling the state-owned block of shares of "Rybinskiye Motory" may not be reversed. For this reason, one may well see bright prospects opening up for the plant in the future, if one wishes to — prospects for plentiful future investments. The following happy ending is possible: The Russian aircraft industry will get reliable engines — and "Gazprom," cheap gas-pumping engines. If the FUDN's actions are deemed to be justified, the situation will become much simpler. A precedent for privatizing a well-known military-industrial plant will be created. Although harsh criticism may be hurled at "Gazprom" and "Russia Is Our Home" along with it over that, the cause of helping the Russian military-industrial sector survive is, evidently, worth it.

Gazprom Plans Major Takeover in Bashkiria

MK2208124095 Moscow KOMMERSANT-DAILY in Russian 22 Aug 95 p 9

[Unattributed BASHINFORM report: "The Gazprom Joint-Stock Company Hopes To Add Bashkiria's Gazservis to Its Structure"]

[FBIS Translated Text] A document envisioning the free transfer of the regional gas distributor Gazservis (under republic ownership) to Bashtransgaz (a structural subdivision of the Gazprom joint-stock company) will be presented to the [Bashkir] Republic State Assembly in September. In Gazprom's opinion, this is the only way to resolve the problem of nonpayments in Bashkiria's gas sector, and only in this way can Gazprom invest heavily in this branch. The gas producers have already secured the consent of the heads of the republic's rayons along whose territory the main gas lines run.

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International Affairs

Fleet Talks May Snag on Russia's Naval Bases Payment

LD2108140695 Moscow INTERFAX in English 1259 GMT 21 Aug 95

[FBIS Transcribed Text] Sevastopol, Aug 21 (INTERFAX-UKRAINE) — The problem with the Russian Black Sea Fleet's payment for leasing bases in Crimea will be the most difficult one at the Ukrainian-Russian talks on the Black Sea Fleet, a high-ranking representative of the Ukrainian Navy's command has said.

"The petty sum which Russia has been paying as taxes on the Black Sea Fleet's staying on Ukrainian territory cannot be likened to the sum which [Russia] will have to pay," the same source told INTERFAX-UKRAINE in an interview today.

The same source said Russia might have to pay "billions of U.S. dollars" as an annual rent payment to Ukraine.

The Ukrainian government's leaders said they deem it necessary to sign an agreement on relevant mutual payments along with the agreements on the Black Sea Fleet's status and the conditions for its staying in Ukraine.

The Sevastopol City Executive Committee's experts have estimated annual expenses related to the Black Sea Fleet's base in Sevastopol alone at $285.9 million, taking into account the use of coastal infrastructure, land, water area and environmental payments.

The same source said the Black Sea Fleet owed over 46 billion karbovantsy on taxes due to the Sevastopol municipal budget in the first half of 1995 alone.

Talks on Peacekeepers' Bosnia Withdrawal Incomplete

LD2108165595 Moscow INTERFAX in English 1547 GMT 21 Aug 95

[FBIS Transcribed Text] Kiev, August 21 (INTERFAX-UKRAINE) — The Bosnian Serbs Command demands from the company of the Ukrainian peacekeepers, withdrawing from Gorazde region, that they return all arms and armour seized earlier by Muslims before the start of withdrawal an IF-U [INTERFAX-UKRAINE] correspondent has learnt from a source at the Ukrainian Embassy in Zagreb quoting Commanding Officer of the Northern Sector of the UN "blue helmets" Colonel Serhiy Mokrynets as saying.

The Ukrainian company is being withdrawn from Gorazde region in keeping with the decision of the Command of the UN peacekeepers. According to the Ukrainian diplomat, "the escort for the company has arrived in Gorazde but the talks have been underway over the past twenty four hours."

The Ukrainian peacekeepers were blocked a month ago by the Muslim troops after the beginning of the Serbian offensive against Muslim enclaves. Their fire arms and several armored personal carriers were seized by the Muslims.

A source also disclosed that the first company of the Ukrainian battalion has arrived from Zepa to Sarajevo, where the third company is located, and where the rotation of the battalion is scheduled for the middle of September.

But, besides, an IF-U correspondent was told at the Defense Ministry's press service that the negotiations on withdrawal of our peacekeepers had not been completed yet and the date of withdrawal had not been fixed.

The agency was also told at the Ukrainian Embassy in Zagreb about the planned reduction of peacekeeping troops in Croatia and the granting to them of the observer status.

"Not only the Ukrainian peacekeeper force will be reduced in numbers but also units from Poland, Nepal, Denmark and Belgium. After the borders between Croatia and Serb Krajina have become non-existent they have nothing to do here," the source said.

At the same time, in his words, the reduction of the peacekeepers does not mean their replacement by NATO troops. "It was planned to use NATO troops as guards for the UN peacekeepers only. The question of their replacement has never been raised, at any rate, in Croatia," the source stressed.

Bosnian Serbs Demand Return of Arms

LD2108155195 Moscow INTERFAX in English 1458 GMT 21 Aug 95

[FBIS Transcribed Text] Kiev, Aug 21 (INTERFAX-UKRAINE) — The Bosnian Serb command demands that the company of Ukrainian peacekeepers, which is to be pulled out from Gorazde, return all the arms and armored vehicles earlier seized by Muslims before it leaves the area, a diplomat from the Ukrainian Embassy in Zagreb told INTERFAX-UKRAINE referring to the commander of the U.N. peacekeepers' North sector Colonel Sergey Mokrints.

The Ukrainian peacekeepers will be withdrawn from the Gorazde area under the decision of the U.N. peacekeepers' command. The diplomat said a convoy had already come to collect the Ukrainian peacekeepers

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in Gorazde "but talks have already lasted for over 24 hours."

Muslim units isolated the Ukrainian peacekeepers and seized firearms and several armored personnel carriers after the Serbs began an offensive on Muslim enclaves about a month ago.

The Ukrainian Embassy in Zagreb also told INTERFAX-UKRAINE that the peacekeeping contingents in Croatia were expected to shrink and to only have the function of observers.

Udovenko in Finland; Plans To Step Up Cooperation

LD2108145295 Moscow INTERFAX in English 1302 GMT 21 Aug 95

[FBIS Transcribed Text] Helsinki, Aug 21 (INTERFAX-UKRAINE) — As Ukraine's Foreign Minister Hennadiy Udovenko told journalists upon his arrival in Helsinki Monday [21 August], a major goal of his visit is to further relations between Ukraine and Finland.

Speaking on prospects for cooperation between the two countries, he emphasized interaction within the framework of the Organization for Security and Cooperation in Europe.

Finland is a co-chairman of the Contact Group for Nagorno-Karabakh, he noted. According to him, Kiev expressed its willingness to actively contribute to the efforts to resolve that problem.

As Ukraine's foreign minister said, his trip to Helsinki is viewed as a phase of preparations for a visit to Finland by President Leonid Kuchma to take place in 1996.

Chernobyl Closure Discussed

LD2108194495 Moscow INTERFAX in English 1839 GMT 21 Aug 95

[FBIS Transcribed Text] Helsinki, Aug 21 (INTERFAX-UKRAINE) — Ukrainian Foreign Minister Hennady Udovenko has discussed the possibility of assistance in closing down the Chernobyl nuclear power plant with Finnish Environmental Protection Minister Pekka Haavisto.

An INTERFAX-UKRAINE correspondent reported that Haavisto told Udovenko on Monday that his country supported the Ukrainian leadership's intention to close down the Chernobyl nuclear power plant. In addition, Finland also favors closing down all similar nuclear reactors in Eastern Europe.

"We understand that both money and technology are needed to close down the Chernobyl nuclear power plant," Haavisto said. In an interview upon the end of the talks, he pointed out Finland's readiness "to launch cooperation with Ukraine precisely in these issues within quite a short term."

Ukrainian Ambassador to Finland Konstantin Masik said that for the purpose of tackling the consequences of the Chernobyl disaster the Finnish government had been supplying Ukraine with of 2 million Finnish markkas (about $500,000) annually.

Finnish President on Economic Prospects

LD2108195295 Moscow INTERFAX in English 1839 GMT 21 Aug 95

[FBIS Transcribed Text] Helsinki, Aug 21 (INTERFAX-UKRAINE) — Finnish President Marti Ahtisaari believes Ukrainian Foreign Minister Hennadiy Udovenko's visit to Finland is "very important." An INTERFAX-UKRAINE correspondent reports that Ahtisaari told journalists Monday [21 August] that he views the visit as a prelude to a visit by Ukrainian President Leonid Kuchma.

"We have many issues to discuss," the Finnish president stressed.

According to Ahtisaari, Ukraine and Finland have good prospects for cooperation, especially in trade. He said that bilateral trade took off in 1994.

The Finnish president characterized "the exchange of ideas about and estimations of the political situation with the Ukrainian minister" as very important. "We are searching for new security structures in Europe," he said, noting that Finland and Ukraine must find common viewpoints on this issue.

"It is very important to avoid any new division of Europe and to act together in all European developments," said Ahtisaari.

Speaking about possible cooperation between Ukraine and various European institutions, including the European Union, the president stressed that his country will contribute to the development of this cooperation.

Udovenko is in Finland on a two-day official visit.

U.S. Quotas on Textile Imports Criticized

LD2108125195 Moscow ITAR-TASS in English 1153 GMT 21 Aug 95

[By Galina Nekrasova]

[FBIS Transcribed Text] Lvov, August 21 (ITAR-TASS) — From 1995 the United States has introduced quotas on the import of Ukrainian textiles, ITAR-TASS

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learned from the Ukrainian Chamber of Commerce and Industry on Monday [21 August]. The U.S. administration has decided to protect its producers "from the inordinately large import of women's woolen coats". A representative of the American association of textiles importers, who asked that his name not be given, expressed doubts about the expediency of this step.

Ukraine annually exports 1.31 million pieces of textiles. This is a trifle which does not mean serious competition to America, he said. However, the U.S. authorities decided to cut back the total worth of imports from Ukraine by 20 million dollars.

Ukraine has become the first among member countries of the Commonwealth of Independent States on which the United States imposed trade curbs. Russia may be the next one, it is believed in Kiev. Although the Ukrainian foreign trade agency views this as a single incident, heads of leading Ukrainians parties point out to the Kiev authorities that the United States is Ukraine's second biggest trading partner after Russia and, moreover, one of the few countries with which Ukraine has surplus trade.

Guinea To Provide Concessions for Precious Metals

WS2208084795 Lvov INFOBANK in English 0710 GMT 22 Aug 95

[From the "News Service" feature]

[FBIS Transcribed Text] On August 18 negotiations on prospects of cooperation between the Mykolayiv alumina works and Guinean mining enterprises were held in Kiev between Hryhoriy Osaulenko, deputy minister of industry, and Fassine Fofana, minister of mining industry and geology of the Republic of Guinea. The alumina works processes Guinean bauxite and sends the obtained alumina (raw material for the production of aluminum) to Russian aluminum works of Krasnoyarsk and Bratsk.

The Ukrainian side has confirmed its intention to process 1.5 million tons of Guinean bauxite annually, said Mr. Osaulenko. Given the complex economic condition of Guinea, the cooperation may be continued up to the year 2000. Ukraine currently buys 1 million tons of bauxite each year and obtains the rest under barter agreements, supplying African partners with machinery and equipment.

Guinea has agreed to provide Ukraine with a concession for two land areas (no less than 500 sq. km each) to perform geological surveys and possible mining for gold and diamonds. According to Mr. Osaulenko, Ukrainian experts are already engaged in this work on one of the areas. The Guinean government will also consider a proposal to supply rainforest tiber to Ukraine. The construction of the Osmolot furniture factory in Transcarpathian Oblast is partly financed from the incomes of the Mykolayiv alumina works, said Mr. Osaulenko, adding that Guinean timber may also be used at other Ukrainian factories.

National Affairs

Article on Kuchma Administration Assessed

WS1808102795 Kiev ZERKALO NEDELI in Russian 5 Aug 95 p 2

[Article by Yuliya Mostovaya: "Gateway to Eternity. Exercise Caution, Do Not Lean"]

[FBIS Translated Text] Almost all "political" journalists knew about the fact that in the depths of the Presidential Administration a conflict was brewing between [Administration Head] Dmytro Tabachnyk on one side and a group of aides and certain advisers on the other side. They observed the developments attentively, however in silence. There were two reasons for doing so: First was the fact that the situation was not settled yet, and for this reason it was of no specific informational relevance; second was the fact that the press, being aware of the president's situation, wanted to give him the possibility to sort out the developed situation without outside interference. A silent taboo was disrupted by the NOVOSTI newspaper, which published Oleksandr Nikonenko's article "The Presidential Team: A Year After the Election." According to Presidential Adviser for Industrial Issues V. Ryzhov, "the president himself will answer NOVOSTI's questions. We are looking for the person who cooked up this dangerous article." Ryzhov mentioned that the aforementioned article caused misunderstanding between advisers and members of the Presidential Administration. "However, currently" — underlined the aide — "everything is okay."

Given the last reason regarding the press, I would like to express my doubts about the fact that the conflict changed from a remission stage to a stage of exacerbation, which however does not mean that the conflict has reached its logical end. In that situation, Leonid Kuchma appeared to be a hostage of intrigues and ultimatums, which produced the following dilemma: Either to choose the people whom he never fully trusted, or to choose those from whose dependence he never managed to break free in psychological terms. Both those camps are quite interestingly characterized in the article "The Presidential Team: A Year After the Election." However, someone who is not very well oriented in political complexities would understand immediately that the attitude toward the analysis of the issue was, simply speaking, biased. Precisely for this

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reason, in the author's rendition there is a great deal of extremely controversial information concerning every member of the presidential team and the situation itself. Therefore, we would like to speak in detail particularly about these discrepancies.

The First Discrepancy

Why, while analyzing the changes through which Leonid Kuchma's team has gone during the year of its existence, did the author concentrate particularly on the tip of the iceberg, that is, on the apparatus employees? For instance, I, a reader who believes in the competence and awareness of the author, would like to find out who plays (or does not play) the role of the load-bearing wall in the presidential construction: Pavlo Lazarenko, Dmytro Vydrin, Viktor Chayka, Serhiy Osyka, George Soros, Albert Gore or someone else. Having a feeling that I have been misled, I concluded that Oleksandr Nikonenko's goal at which he was aiming was something other than a comprehensive and profound analysis, and that he was particularly interested in classification and personal assessment of the pieces surrounding the king on the chess board. As a result of the "proficiency appraisal report," an "excellent" rating was given to Volodymyr Horbulin, who bothers nobody and repairs nuclear power plants, and to Dmytro Tabachnyk, who writes memoirs titled "The Gateway to Eternity" for the president. The author gave a "good" rating to Valeriy Pustovoytenko, who is a vigorous, "more than mediocre analyst"; to Oleksandr Volkov, who is devoted,but he "drives a Mercedes-600" (Nikonenko accidentally mentions that); and also to Leonid Derkach — an expert for fighting "pro-Moroz" V. Malikov and a destroyer of "bugs." For dessert ("the last phrase remains in memory," as Schtirlitz [secret agent from a Soviet war movie] used to say) — the author presents a gang of D-grade students led by "mediocre apparatchik" Oleksandr Razumkov and his accomplice Yuriy Havrylov, who is "Marchuk's contact;" and Anatoliy Halchynskyy, who is "incompetent in issues of macroeconomy." After familiarizing myself with the labels, I found out that during the distribution of the latter, the author did not take into consideration certain facts. Here comes

The Second Discrepancy

A. Nikonenko's familiarity with backstage affairs cannot be doubted. At the same time, we can say that his selective approach toward facts is quite impressive. For instance, while depicting the portrait of "peaceful plowman" Horbulin, he ignores the fact that at Horbulin's initiative a radical reshuffling of heads of power ministries has been conducted and plans to divide the Security Service are being drafted.

Writing about Valeriy Pustovoytenko, the author accidentally drops the period of the latter's iron-hand control over the Cabinet during Masol's premiership, which somehow does not go together with the image of a mediocre analyst.

Ignored was also the fact that it was "potentially dangerous" Oleksandr Razumkov who resolved the situation with the plebiscite, which was the most dramatic moment in the postelection year. By using his ties with the legislature, of which Nikonenko accuses him, he accomplished the signing of the Constitutional Agreement. We should point out here that during that period, Dmytro Tabachnyk, driven solely by boundless loyalty to the president, simply ran around Supreme Council offices and informed the deputies about his opposition to the president's intention to hold the plebiscite. After that, he departed for the United States to accompany Serhiy Osyka, who was to receive a prize there on behalf of Leonid Kuchma.

With regard to Halchynskyy, Nikonenko made a complete blunder! While declaring him incompetent in issues of macroeconomy, the author forgot that it was Halchynskyy who had led a group of specialists drafting Kuchma's speeches, which were then delivered in Kiev in April and in Uzhhorod in June. Does the author imply that....

Then: Oleksandr Nikonenko put Leonid Derkach, recent first deputy chairman of the Security Service, in an awkward situation, given that he did not provide an answer to the following question: How come the president did not appoint such a devoted and highly professional man to the post of Security Service head to replace Valeriy Malikov? Instead, Derkach was "exiled" to supervise customhouses. Various strange ideas may come into readers' heads, including that after Leonid Derkach detected all the concealed listening devices, he was declared unfit for any other high-level task.

The list of ignored facts can be expanded. However, let us give the author an opportunity to correct them if not in his future articles, then at least in memoirs, which will probably be less biased.

I find the scale of ratings more interesting than their actual value. Probably the only criterion applied by the author was personal loyalty to the president, and not benefits acquired for the state by individual members of the presidential team, or their contribution to the cause of reform, democracy, solidifying Ukraine's independence, or, eventually, strengthening the president's prestige. Okay! Loyalty to the leader is indispensable in any team. However, how should it be expressed?

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The Third Discrepancy

According to generally accepted opinion, loyalty and faithfulness on the highest national level rest on four pillars:

1. Not giving even the slightest pretext for endangering the chief's prestige. This means that people surrounding the president, those known as members of his team, would under no circumstances lessen his dignity with a careless word, their own illegal profits, or public statements opposing the president's policy.

2. Members of a team work for their leader and do not push him into the shadow of their own ambitions.

3. The team in general and every individual member in particular are responsible for the president's words and actions. This is only fair, given that the president mostly makes decisions based on information received from his team.

4. Loyal professionals ensure all necessary conditions for their leader to the maximum degree so that he can meet his commitments.

The president knows better than anybody else who in his retinue does what and who does not observe those rules. He is in a position to judge. However, following the publication of the NOVOSTI "bestseller," we wish the president could shed some light on the situation. So far though, Oleksandr Nikonenko acts as a judge, and he believes that the only people who can be considered loyal to the president are those who have no political future without Kuchma. What criminal, shady, illegal deeds have those people committed? What awaits them in the summer 1998: Oblivion or imprisonment? The article does not provide an answer to that question. In addition, Leonid Kuchma is president of a European state and not some uninhabited island. The division of the branches of power is guaranteed by the law, and peaceful coexistence of those branches should become an objective prerequisite for implementing the president's ideas and programs. Meanwhile, Oleksandr Nikonenko is haunted by a phobia of spies and is preoccupied with detecting Marchuk's or Moroz's "contacts" in Kuchma's retinue. However, let me ask you one question: Is Moroz head of the People's Hural [Mongolian legislature] or the Knesset [Israeli legislature]? Is Marchuk head of the Russian or the Malagasy government? Does the author not understand that the only thing which can be obtained by pushing the president onto the path of confrontation with the legislature and the government is early termination of presidential powers and, incidentally, the powers of his advocates, who have no political future without him.... Thank God the president does not listen to the authors of scary tales. There is a great deal of evidence ranging from Kuchma's decision to call off the plebiscite to his traditional daily lunches with Yevhen Marchuk.

Personal loyalty does not amount to artificial narrowing of the circle around the president. It lies in a search for people who can be useful for the cause, the state, and the state leader. The name on the NOVOSTI article was one nobody ever heard of, although it was written by a widely known author. Therefore, it has had a wide impact. It was more than washing the president's dirty linen in public. It was a catalyst of an explosive reaction within that wing of the presidential team which was referred to in the article as "potentially dangerous" to the president. A conflict has been aggravated between "romantic" professionals and "scheming" professionals. This conflict may produce most dramatic consequences, including the resignation of a number of Kuchma's advisers and assistants — those who believe that under the current circumstances they have no business working in the Presidential Administration. It is evident that only people who have nothing to lose or fear can currently do so. Will this kind of outcome be advantageous from the perspective of national interests? I strongly doubt it. However, I am afraid that due to absorbtion in the fight, everybody [all letters in previous word capitalized] has forgotten about the national interests. They have forgotten, because the president once relied on "loyalty" and did not notice how the most loyal people got out of his control and — judging by the NOVOSTI article — became unruly.... Meanwhile, we have what promises to be a politically hot season ahead of us. Will the president enter it with a monolithic, reduced, or a hastily glued-together team? Much will depend on that.

Poor Ukraine. It is a country ruled by people using a well thumbed card deck, a country of clamorous declarations and inconsequential steps, a country lacking professionals and decent politicians, a country flooded with the mafia's anarchy. It is also a country of papers, which prostitute themselves cheaply, and a country of total indifference. If no radical changes occur, the second president of Ukraine will enter the "gateway to eternity" together with his "housekeepers" as head of this kind of state. Does this correspond to his plans? Another discrepancy.

Allies, Opponents in Kuchma Retinue Depicted

WS1808090095 Kiev NOVOSTI in Russian 26 Jul 95 pp 1-2

[Article by Oleksandr Nikonenko: "Presidential Team. A Year After the Election"]

[FBIS Translated Text] The most serious test, including in politics, is the test of time. The test of time and

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impartially assess everything — faithfulness, intellect, and professionalism. The past year is a sufficient period of time to realistically assess the people who came to power together with Leonid Kuchma in July 1994.

It is significant that by far not all the people who had participated in the election campaign of the disfavored former prime minister [Kuchma] stayed with him until now. Some of them had to leave, and not at their own initiative. It is enough to mention Petro Lelyk in that regard, who was former head of the Presidential Administration Internal Policy Department, or Leonid Novokhatko, head of the Service for Issues of Humanitarian Policy. It had been clear to many observers what would happen to Petro Lelyk. By the time of the presidential elections, he had managed to change several patrons, including such figures as Boris Yeltsin or [Rukh Chairman] Vyacheslav Chornovil. However, no matter whom he served, his own career remained his only goal, which for objective reasons forced him to play too complex a game, sacrificing the interests of his supervisors. As a rule, those kinds of activities cannot last long, and it is very clear that regular transfers of confidential information from Petro Lelyk to the Supreme Council chairman (as well as his shady commercial deals) were bound to meet with the president's appropriate reaction.

A similar situation reoccurred in Petro Lelyk's relations with Oleksandr Moroz, whose attitude toward his new adviser was more than cautious. As for Leonid Novokhatko, he combined all Lelyk's traits with an absolutely inadequate self-esteem, which completely distorted his vision of the reality. At all posts held, ranging from head of the CPSU Central Committee press service to head of the Presidential Administration Service for Issues of Humanitarian Policy, he was observed acting as a mere mediocre apparatchik. Therefore, attempts to play an independent political role without control on the part of the president and to take an independent stance on issues of humanitarian policy, as well as the dictator-like style of dealing with activists in the field of culture and endless intrigues naturally led to his rapid dismissal.

Neither is there absolute unity among the remaining members of the presidential team. Those members can be roughly divided into two major categories: the people who tied their personal and political lives for good with the president, and the latter's temporary "satellites" — those who use their work in the presidential apparatus as a launching pad for a future independent flight toward the pinnacle of power. [National Security Council Head] Volodymyr Horbulin, [Presidential Administration Head] Dmytro Tabachnyk, [Cabinet of Ministers Minister] Valeriy Pustovoytenko, [Head of Presidential Control Service] Leonid Derkach, and [presidentia adviser] Oleksandr Volkov belong to the first category. They all stood alongside the president at the most dramatic moments, when nobody believed in Kuchma's victory in the presidential elections; none of them abandoned him then, despite real personal risk. At the moment, these people form Leonid Kuchma's principal pillar in both the presidential apparatus and other structures. At the same time, while every person in this group performs his own functions, in crisis situations they operate as a single perfectly tuned mechanism. The following is a brief description of each of those people.

Volodymyr Horbulin

He has been one of the president's oldest personal friends since the times of their work in the space rocket construction sector. He was Kuchma's only close ally who is on a first name basis with Kuchma. He accomplished tangible results (and in fact saved the rocket industry from collapse) when he headed Ukraine's National Space Agency during Kuchma's premiership. It was logical that he was offered the chairmanship at the National Security Council. The council's competence embraces technology-related issues, rather than political security, including such problems as nuclear disarmament, the operation of nuclear power plants, or state policy in the sphere of scientific research. Thus, the president has managed to precisely divide the powers of his advisers and avoid any possibility of a conflict between Horbulin and Dmytro Tabachnyk, who is responsible for persistent implementation of the president's general political line. Together they make up a powerful political force by complementing each other. Volodymyr Horbulin himself understands that only too well. He had enough common sense to ignore advice from certain "supporters" and not to expand the council's competence, which could only undermine his position.

Dmytro Tabachnyk

According to general opinion, he belongs to the group of people who are the most faithful to the president. He accompanied Kuchma in the days of the latter's premiership and again following his dismissal. He then played a well-known role in Kuchma's election campaign. One can presume with a great degree of probability that while appointing Tabachnyk Presidential Administration head, Kuchma expected him to become a sort of the "king's eye" in his apparatus. In general, Tabachnyk has been successfully performing that function ever since. He has managed to establish efficient and uninterrupted (at least as compared to the previous administration) functioning of the subordinated structures to provide conditions for all kinds of presidential

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activities. This was especially evident during the development of crisis situations (for instance, before the signing of the Constitutional Accord or during the discussions on the illegal removal of the general prosecutor by the Supreme Council).

Speaking about Dmytro Tabachnyk's political future, there is no doubt that he will have none without Leonid Kuchma, given that his activities gave rise to unanimous (and in a way, well-deserved) hatred on the part of the president's numerous influential opponents. If the political situation changes favorably for the latter, they are not going to miss their chance to square accounts with Tabachnyk.

There is another aspect connected with Dmytro Tabachnyk, which has not been mentioned thus far. His closeness to the president indicates that Leonid Kuchma, despite his political pragmatism, is thinking both about the distant future and the present. For him, the Presidential Administration head is a sort of a "gateway to eternity." Due to Tabachnyk, a true story about the president will be passed down to our children's children and help Kuchma occupy an appropriate position in national and foreign history. It is not relevant that Dmytro Tabachnyk is well known in scientific circles as a professional historian with evident, although somewhat lightweight journalistic skills.

The president is perfectly aware of the fact that after he abandons active political life, the head of his apparatus will follow him and will get down to writing memoirs and fundamental works on Leonid Kuchma's era, and there can be no other, more well-disposed biographer and researcher into Kuchma's activities. It is very relevant that Dmytro Tabachnyk used to concentrate on the role of individuals in history and has written interesting (although disputable) political essays on Nikita Khrushchev, Oleksiy Kyrychenko, Leonid Brezhnev, Vladimir Semichastnyy, and Petro Shelest.

There was no similar man close to Leonid Kravchuk and — justly or not — the latter will enter history as an anecdotal character of "The President" — the phenomenally mediocre book written by Valentyn Chemerys.

Valeriy Pustovoytenko

He was close to Leonid Kuchma back in the days of his work in Dnepropetrovsk. During the election campaign, he was one of the leaders of Kuchma's election staff. He currently plays a very important role — supervising the activities of the Cabinet of Ministers — which is one of the most conservative and unreformable structures in the state. There are weighty reasons to believe that the post of minister of the Cabinet of Ministers is by far not the peak of Pustovoytenko's career. The president does not have too many faithful people around him and, therefore, will not limit Pustovoytenko's activities to his current post, which is far from being the key post in the Cabinet. We should keep in mind that namely Valeriy Pustovoytenko is one of those few individuals who can tangibly restrain the antipresidential activities (so far camouflaged) of certain Cabinet members. At the same time, it is common knowledge that as a political analyst, Pustovoytenko is more than mediocre.

Leonid Derkach

He maintained personal relations with the president back in the days when he worked in the Dnepropetrovsk Oblast KGB. He was responsible for security issues in Kuchma's election staff and helped detect more than one bug. Holding the post of first deputy head of the Ukrainian Security Service [SBU], he persistently advocated Kuchma's stance before [former SBU head] Volodymyr Malikov, who, in fact, openly played in Oleksandr Moroz's team. It is hard to overestimate his role specifically in power agencies, which — according to tradition — primarily try to protect their own parochial interests.

Oleksandr Volkov

During the election campaign, Leonid Kravchuk personally ordered the closing down of the "Gravis" television company, headed by Volkov, for impartial coverage of the campaign. However, this only encouraged Volkov to increase his activities in protection of the freedom of speech. Holding the post of presidential adviser, he proved that he was the most qualified specialist in the entire team of Kuchma's assistants. Undoubtedly, back in 1994 he could have obtained a more important post. The fact that Oleksandr Volkov openly drives a Mercedes-600 to the Presidential Administration building and is accompanied by a bodyguard proves that he is very confident of his own power.

The most noticeable representatives of the other category of people in Kuchma's retinue are [presidential advisers] Oleksandr Razumkov, Yuriy Havrylov, and Anatoliy Halchynskyy.

Oleksandr Razumkov

He used to be an average apparatchik of Komsomol for years, and later he managed to receive the post of head of a group of assistants and advisers set up in the heat of establishing the presidential apparatus. Dmytro Tabachnyk all but dragged him by the hand to Kuchma's office (perhaps, driven by sentimental memories of joint work at the Supreme Council).

In case of any political complications, they have prepared various routes for a safe retreat.

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Even during the period of the most dramatic conflict with the Supreme Council, Oleksandr Razumkov managed to establish an uninterrupted communications channel with Oleksandr Moroz both by means of a number of documents and directly, with assistance from certain high Supreme Council officials. Razumkov has maintained close ties with the latter since the days of his work in one of the legislative commissions. Informed sources in the Supreme Council claim that the head of the team of presidential advisers has assured that he has not been involved in establishing a political relationship with the Supreme Council. Perhaps in his opinion this could ensure him a "soft landing" in the event of the president's defeat.

The Cabinet of Ministers is Razumkov's another retreat route. As we know, Presidential Adviser for Security Issues Yuriy Havrylov belongs to the prime minister's team, rather than that of the president. He is a link between Oleksandr Razumkov and Prime Minister Marchuk.

The third retreat route leads to Leonid Kravchuk, who has been recently aiming at the presidential post more and more clearly. A special role here belongs to Anatoliy Matviyenko — Razumkov's old friend from Komsomol days. Matviyenko combines the posts of the head of Ukraine's Civic Congress with activities in Kravchuk's fund. It should be pointed out that Oleksandr Razumkov too was among the founders of the Civic Congress and remains a member of that organization's presidium. This is evidence of his far-reaching personal ambitions on the political stage. Oleksandr Razumkov's appearances in the media — where he comments on issues that are evidently beyond the competence of the president's first adviser — are another proof of this theory. It is enough to mention his expansive interview on Crimean problems published in KIYEVSKIYE VEDOMOSTI, which gave the impression that the interview was given by a vice president, not just an adviser.

As far as presidential advisers are concerned, the Razumkov group also includes Anatoliy Halchynskyy and Dmytro Vydrin. Within a short period of time in the post, Anatoliy Halchynskyy has managed to show an absolute lack of competence in issues of macroeconomy, which he is supposed to supervise. Very fortunately for the president, Anatoliy Halchynskyy is by far not the only adviser in that field.

The following conclusions can be drawn based on the alignment of forces in Kuchma's closest retinue. The most important factor ensuring Kuchma's stability is the Tabachnyk-Horbulin duo — which has no chance to conduct its own political game independently of Leonid Kuchma since they have burned their bridges for retreat — and it is Kuchma's principal pillar in all kinds of critical political conflicts.

The Oleksandr Razumkov group remains a factor of potential risk (in case the political situation exacerbates). This group is potentially ready to betray their patron even now.

The main thing is: The president's fate will be determined to a great extent by the following condition: Which of the two groups will be more influential in the decisive moment.

Nationalist Assembly Assails Parliament Policy

AU2108152395 Kiev UKRAYINSKI OBRIYI in Ukrainian No. 4 (50) Aug 95 pp 1, 4

["Editorial": "Why Do Deputies From the UNA Vote in Unison With Communists?"

[FBIS Translated Text] "Why do deputies from the Ukrainian Nationalist Assembly [UNA] vote in unison with Communists?" ask citizens deceived by politicians. In reality, however, the UNA deputies always vote both against Communists and against Democrats who were bought for dollars.

There has been no single important issue on which the Supreme Council would fail to support the president.

There has been no single **important** issue on which Democrats within the Supreme Council would not come to an agreement with Communists.

The president, Communists, and Democrats have **unanimously** done this:

1. They have given our strategic nuclear weapons to Russia. Only deputies from the UNA and several others sympathizing with it voted against the move.

2. They have allowed Americans and Russians to disarm us and admitted them to our nuclear facilities **free of charge**. We have not been paid a cent. The sums of Western credits granted to us in exchange are negligibly small. Any beer-selling kiosk in New York may get such a credit from a third-rate U.S. bank. Both Communists and Democrats went along with this. The deputies form the UNA alone are trying to torpedo these processes at all levels.

3. They have adopted the law on exempting foreign firms from the responsibility for the nuclear damage inflicted upon our nuclear facilities.

The president has signed (the Supreme Council has not protested against) the treaty with Russia on joint air defense. This implies that

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a) the Russians are in charge of our air defense;
b) in case of a nuclear conflict between Russia and NATO, first Western nuclear bombs will fall on Ukraine;
c) for this, Ukraine will give to Russia about $4.5 billion a year.

5. The Supreme Council has adopted a plan for socioeconomic development, then retracted it and adopted the president's plan. Both these plans are bad, but this comes as evidence that there is no conflict between the president and the Supreme Council. The deputies from the UNA voted against.

6. At the president's initiative, the Supreme Council has adopted the law on remuneration for labor which means that we will be paid even less than before.

7. At the president's initiative, the Supreme Council has adopted a budget for 1995 that does not provide for assisting the population or putting an end to unemployment, but makes it possible to increase the personnel of the Interior Ministry and Security Service by 20 percent (for reference: Today, the personnel of Ukraine's Security Service is three times larger that the USSR KGB personnel in Ukraine in 1990). If this situation prevails, 50 percent of the population will be catching the other 50 percent.

8. Despite the UNA opposition, the Supreme Council's communist and democrat majority has adopted, at first reading, the bill on financial-industrial groups.

The adoption of the law means actual handing over of leading Ukrainian industries to Russia.

No matter who wins here — the people will lose.

Defense Ministry Said Behind Illegal Arms Trade

AU2208080295 Kiev MOLOD UKRAYINY in Ukrainian 18 Aug 95 p 1

[Report by the INTELEKT Agency: "Ukraine and Weapons"]

[FBIS Translated Text] European mass media have carried countless publications alleging that Ukraine is actively engaged in the arms trade. Moreover, the area of such services is quite extensive: Baltic countries, Africa, Azerbaijan, Iran, Croatia, and a dozen other countries use specifically Ukrainian weapons. By estimates from foreign experts, only 5 percent of the money from the arms sales returns to Ukraine, while the rest settles in foreign banks and works for other states' economy. Experts conclude that weapons are also sold illegally by mafioso structures that are run by representatives of the higher echelons of power. The point is that about $10 billion has not returned to Ukraine's budget to pay wages to workers of the military-industrial complex and to modernize production. Appearing in the July issue of PARIS MATCH is a long article on the arms trade market. Ukraine figures in the article, although once it was a state far outside Frenchmen's perception. The article reads that Ukraine and Russia actively supplied weapons to Bosnian Muslims. Weapons are sent by ship, which are not inspected by the UN convoy since both Ukraine and Russia have contingents within the peacekeeping forces in Yugoslavia. The conclusions drawn by the Western mass media indicate that Ukraine and Russia are arming the warring sides through intermediaries in the Balkans. To do this, they take advantage of their participation in the UN peacekeeping forces.

The weapons are dispatched for sale from military units that have been earmarked for reduction. One of the Ukrainian Governmental papers, deliberating upon this problem, makes an unexpected conclusion: Is this not the reason Defense Ministry officials came out in favor of drastically reducing the Ukrainian Armed Forces to 200,000 men? According to military experts and material in the press, weapons that had not been manufactured in Ukraine went for sale, and in the future, to ensure the Ukrainian Army's combat readiness, we will have to purchase the same types of weaponry.

Report on Joint Munition-Scrapping Facility

AU2208111595 Kiev URYADOVYY KURYER in Ukrainian 17 Aug 95 p 7

[Report by Lieutenant Colonel Valeriy Korol: "Dangerous Legacy"]

[FBIS Translated Text] As estimated by specialists at Ukraine's Ministry of Defense, more than 300,000 metric tons of ammunitions that are subject to scrapping have accumulated in the state over decades. Naturally, with the creation of independent Ukraine's military department, this question was immediately brought to the attention of offices at the highest level. Since we had no technologies for scrapping, other than detonation, this "legacy" turned to the West. There no special invitations were awaited — proposals started streaming in from Germany, Israel, the Czech Republic, Italy, and the United States.... Finally, specialists at the Defense Ministry opted for the leading U.S. firm "Elayent [name as transliterated] Techsystems" that has 50 years of experience in manufacturing weapons for the U.S. Army and Navy.

"Elayent Techsystems" proposed a scrapping process that involved a number of fundamentally new procedures that have just begun to be employed in world practice. This is, first and foremost, washing out the explosive substance from the shell with the help of a high-

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pressure (more than 3,000 atmospheres) water flow. For this, a special pump has been built whose technological parameters ensure continuous operation.

The firm's trump card — self-financing — was decisive in making this choice. The rest of the proposals were based on state subsidies.

Two years ago, in the summer, a joint venture "Elayent-Kiev" was registered in Ukraine. The State Property Fund (of course, jointly with interested departments — the Ministry of Defense, the Ministry of Machine Building, and the Ministry of the Military-Industrial Complex and Conversion) became its founder on our side. The Western side is represented by the "Elayent Techsystems" firm and the British firm "Repirbase" [name as transliterated], which has experience in trade with CIS countries.

The settlement of Ichnya in Chernihiv Oblast was chosen as a site for building the first production modules to be used for scrapping ammunitions. Ammunition dumps there are situated between eight and 10 km away from populated areas. The main advantage was that there are more than 60 hectares of unoccupied territory for building the modules.

This year, the enterprise intends (the plan has been approved by the defense minister) to scrap 40,000 metric tons of explosives. This is quite feasible. As Oleksandr Mosesyan, engineer in chief of the enterprise, pointed out, the plan is quite challenging, but is based upon clear economic considerations. It would suffice to note that the productivity of labor has now doubled — in over six months last year's entire work volume has been fulfilled. The bureaucratic red tape is the only thing that may slow down the work. For example, the development of production envisages returning the Western side's investments. For this, a part of the end product (steel, brass, copper, lead, and explosives) must be sold abroad. An explanation here is simple — the difference in prices which are one and a half to two times higher there. Besides, not all types of alloys that the enterprise produces may be properly processed at Ukrainian plants. This is necessary to emerge on Western markets.

By tentative estimates, the entire complex being built in Ichnya will cost $22 million, of which $15 million has already been invested. The outlays on processing 220,000 metric tons of ammunition will constitute approximately $60-70 million. The sale of the resulting product may yield $130 million. Therefore, for five years (the time needed for scrapping that amount of ammunitions) profit will amount to $40 million, of which 51 percent will be ours and 49 percent will go to the Western side.

Besides, the activity of the joint enterprise is not only about profits. Because of the construction of the complex, which has no precedent in the world, a new area of production is being introduced in our country, an area where enterprises of the military-industrial complex that have undergone conversion and a number of other plants may find their place. For example, parallel with the "Elayent-Kiev," the association of Ukrainian enterprises "Spivdruzhnist" [Concord] started work on scrapping ammunitions. It has to process 100,000 metric tons of ammunitions. The differences here are still quite appreciable. First, the association performs the scrapping at its enterprises, which means that the shells need to be transported from ammunition dumps over considerable distances. Second, smelting of explosives is used, and not just from TNT shells. The development of technologies for other types of ammunitions has not yet been completed. By way of comparison, it looks like this: Washing explosives out of a single shell costs "Elayent-Kiev" 161,000 karbovantsi [K], while smelting an identical shell at the Pavlohrad Plant, which is a member of the association, costs K374,000.

However, "Elayent-Kiev" regards "Spivdruzhnists" as a partner and not as a competitor. In the opinion of "Elayent's" leadership, cooperation may be possible in a few years. This will produce a considerable economic effect, since it will exclude duplicate capacities from production and so on.

Even though the enterprise has only started its operation recently, other CIS countries, in particular, Russia, have shown interest in its experience. At a personal request of Andrey Kokoshin, the Russian Federation's deputy defense minister, a delegation of the Russian military headed by academician Matsiyevich, director of a scientific research institute who is in charge of the ammunitions area, familiarized itself with "Elayent's" work. The visitors were particularly impressed by the arrangement where production modules are situated near the arsenals, so that there is no need to transport the ammunition. It cannot be ruled out that the Russians will offer cooperation in the near future.

Presidential Decree on Crimean Government Issues

LD2108234995 Moscow ITAR-TASS World Service in Russian 2005 GMT 21 Aug 95

[FBIS Translated Text] Kiev, 21 Aug (UKRINFORM-TASS) —With the the purpose of improving the system of managing the economy and the social sphere in Crimea, the president of Ukraine has issued a decree which rules that prior to the adoption of a new Ukrainian constitution the prime minister of the autonomous Republic of Crimea is appointed and dismissed by the Supreme Soviet of Crimea upon agreement with

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the president of Ukraine. As regards members of the Crimean government, they are appointed and dismissed by the Crimean prime minister upon agreement with his Supreme Soviet.

The same decree stipulates that state administrations should be formed in all the regions of Crimea. They should be subordinated to the Crimean government as well as Ukraine's Cabinet of Ministers and president. In their activity they should be guided by Ukrainian legislation as well as legislative acts of the Supreme Soviet and the government of Crimea which do not contradict Ukraine's constitution and laws.

Crimean Group Urges Creation of 'Single Statehood'

AU2108174195 Kiev HOLOS UKRAYINY in Ukrainian 18 Aug 95 p 5

[Unattributed report from the Crimea: "A New Attempt To Revive the 'Russian Crimea' Idea"]

[FBIS Translated Text] An appeal has been disseminated in the Crimean Autonomous Republic by the Association of Crimean Compatriots that strives to unite within its ranks those residents of the autonomy who advocate the revival of a single state. In the opinion of the association's organizing committee, such single statehood must be created by presently independent four states: Russia, Ukraine, Belarus, and Kazakhstan with the capital in Moscow. Observers believe that pro-Russian forces on the peninsula resorted to this action after "The Party of the Crimean Republican Movement," "The Russian-Speaking Crimean Movement," "The Russian Crimean Community," and "The Russian Society in the Crimea" have suffered defeat. Today they are no longer popular among Crimean residents.

However, local observers are firmly convinced that the "Russian Crimea" idea that was used by [former Crimean president] Yuriy Meshkov and [former Crimean parliamentary speaker] Sergey Tsekov to incite the peninsula's residents cannot be revived. Today more and more Crimean residents believe that this idea is provocative and absolutely groundless.

Crimean Crime Highly Organized, Widespread

954F3108A Moscow IZVESTIYA in Russian 8 Aug 95 p 5

[Article by IZVESTIYA correspondent Nikolay Semena: "Peninsula of the Godfathers"]

[FBIS Translated Text] Simferopol—These days, the office of the head of the Crimean police, General V. Kirichenko, is reminiscent of battle headquarters—a large-scale operation is being conducted to eliminate mafia armed structures. Over the last three days, 975 problem areas and 175 hotels have been checked out, and 309 searches have been conducted. Some 170 criminally dangerous individuals have been detained, including 32 members of all possible criminal groupings. Of these, 28 have been taken into custody. Seventeen individual weapons have been confiscated, as well as a large quantity of explosives, narcotics, and cartridges. In one day alone, as a result of criminal investigations measures, 103 crimes were brought to light, in which 82 persons participated.

The Crimean police administration for fighting organized crime and the republic procuracy believe that more than 50 relatively large mafia groupings are operating on the peninsula. Three of them extend their control over the entire territory of Crimea, and they also have influence far beyond its borders—in Russia, Ukraine, the countries of Western and Eastern Europe, and the Black Sea region. According to current assessments, the capital of each of the two largest groupings—"Salem" and "Bashmakov"—significantly exceeds Crimea's republic budget.

From Shell Games....to a Hail of Automatic Rifle Fire

Even the criminalists, who had seen a thing or two in their day, were shocked by the picture that met their eyes: The grenade blast had smashed the upper part of the body, and the fire had finished the job—in the back seat of the completely burned-out car lay the charred remains of a person, which now had to be identified. Witnesses of the last minutes before the tragedy—and these were Oleg Dzyuba's guards—asserted that it was he: the boss of one of Crimea's criminal groupings. Only a comparison of distinctive marks will make it possible to confirm that Dzyuba has not gone underground and that an end has been put to one of the most desperate criminal groupings on the peninsula, says A. Belan, head of the investigations administration of the Crimean procuracy.

Oleg Dzyuba and Viktor Bashmakov began during the second half of the 1980's as shell-game artists. Out of the money that their "brigades" collected, bit by bit, the first cooperatives were created. Commerce brought in incomes that were not comparable with the appetites of a former convict who hungered to become a magnate, and they began to engage in primitive racketeering. The intractable could expect a bullet from one who was luckier and quicker. Thus did most of their shell-artist colleagues depart this life.

The "sharks" began to hunt one another down. A struggle began also between Dzyuba and Bashmakov.

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The first raid took place when Dzyuba was coming out of Polyclinic No. 6 after treatment—three of his guards died in a shot-up Volga 2109, and he himself was wounded in the arm. After his convalescence, Dzyuba hid out in Germany, but already at the Borispol airport, on the way to the car, two hired killers opened fire with assault rifles. His guards and daughter were killed. His wife by some miracle was spared, and Oleg himself was wounded in the head. On that same day, in a Crimean stand of timber, his son from his first marriage was hanged. The Tatar pogroms, and Dzyuba was in on them, became the catalyst for the Crimean "war."

On 1 July, the Bashmakov-controlled bars Chez Andrey, Condor, and Tatyana were blown up, and the day before, a furniture workshop and the Alenka cafe. The response was not slow in coming. On 3 July 1995 in Simferopol, hired killers shot up a new Volga 2109, in which Dzyuba's wife Olga and three guards were killed. That night, beside himself with fury, he drove to the Kalinka cafe—the former meeting place of Bashmakov's grouping—and with a few bursts of gunfire shot up the spot. In all from Dzyuba's grouping, according to information of the Crimean Procuracy, more than 30 people were killed in the mafia war....

"Bashmakov" and "Salem"

The fate of Viktor Bashmakov was no better. His star waned last summer. A killer shot up his car, having overtaken it on a Yava motorcycle. The funeral dinner was set to take place at the Kalinka cafe, on the outskirts of Simferopol. Sevastopol businessman Yevgeniy Podanev was suspected of the killing, and, in order to divert suspicion from himself, he also went to the place of mourning. That, however, did not help. Nor did his imported bulletproof shirt—right at the table, a killer shot him in the head. Further, the feud bore a ritual character. On the 40th day after Bashmakov's death, Podanev's successor in the Christian-Liberal Party of Crimea, Korchelava, was killed; then Rulev and Turukalo. "The Party of the Executed" announced its self-dissolution....

But the fate of this grouping turned out to be different. After the death of V. Bashmakov, his brother, S. Komyagin, for whose arrest the procuracy had put out a warrant, went underground, and someone who went by the nickname "the Moldavian" and his assistants took charge of the grouping. According to information of the Crimean Procuracy, "Bashmakov's corporation" is now the second most powerful, after the "Salem" grouping, which received its conventional name from a small enterprise that existed in the past.

Today each of them owns, as the private property of various persons, more than 20 firms of all kinds; in this arrangement, "Bashmakov" and "Salem" divide their spheres of influence not according to the geographic, but according to the point principle.

"Salem" and "Bashmakov" control deliveries of metal and oil both into Crimea and through the peninsula abroad; the Yalta, Yevpatoriya, and Kerch seaports are under their eye, and they act as patron to the banks of Crimea and the largest commercial enterprises—those engaged in production, tourism, transportation. The groupings have the very strongest juridical services, expert, economic, financial, and forecasting groups, intelligence-analytical subdivisions, and security services, set up with the most modern equipment and technology. It is believed that they can mobilize more than 1,000 fighters at once, for whose training several dozen training and study centers—sports and firearms—are maintained in Crimea.

Experts have observed that the groupings have united and charted a course toward the legalization of their capital and civilized business. According to current information, at the last elections several of their representatives became deputies, and many managed to enter the structures of executive power at various levels. They have created their own legal political and public organizations.

In July, the Crimean police conducted a search in one of "Salem's" offices. It was a powerful fortified point in Simferopol—fenced completely in, automatic gates, TV camera surveillance. At the site, 40 persons were checked out: Three of them were detained on suspicion of robbery and assault, three were found guilty of extortion, and one is suspected of murder. In the "office" were found an assault rifle, two pistols, a carbine with a telescopic sight, a pump-action rifle, a remote-controlled explosive device, narcotics, and large sums of money. In the building a camouflaged chamber was found, for hiding "illegals." In the garage, a stove was discovered, whose purpose, it is believed, was for burning corpses. Analysis of the ash will show whether it was used for its direct purpose....

Crimea's complexities are also in its geopolitical position. Large groupings outside the peninsula are striving to take possession of lands, enterprises, and health resorts there. For example, the ties between Podanev, who perished in Crimea, and Otar Kvantrishvili, who died in Moscow and who had visited him in Sevastopol, are no secret. And in Feodosiya, for example, a large grouping was recently arrested, which for a long time had illegally conveyed into Russia more than a third of the output of the Feodosiya tobacco plant.

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"Greki," "Belyy," and the Local Bosses

"A real guerrilla war is in progress in Crimea," believes the head of the Crimean Administration for the Struggle Against Organized Crime, A. Kollontay. "During the daytime, a criminal dresses in a white shirt and a tie, and at night, he goes for his assault rifle." The Crimean police proposed long ago to introduce on the peninsula, if not a state of emergency, then martial law. Last year in the republic, 284 murders were committed, and 104 of them went unsolved. For the first half of this year, 173 murders had already been registered. An analogous situation exists in Sevastopol. As the chief of the city police, V. Beloborodov, said, of 34 murders, 11 were contract killings, and only one of them has been solved. This is not surprising—the Criminal Investigations Department is staffed to an extent of less than two-thirds. Across Crimea, especially during the summertime, roam thousands of racketeers, clouds of pickpockets and burglars, swindlers and muggers. In small streams and mighty torrents, the daily booty flows together into the safes of the criminal bosses. According to information of the Krymsotsis service, 26 percent of the population have been victim to robbery, theft, or hooliganism; 39 percent have been confronted with an infringement of their civil and labor rights; 50 percent have suffered from red tape and bureaucratic arbitrariness; 37 percent have been compelled to give a bribe. It is not fortuitous that, according to the Crimean Center for Humanitarian Investigations, 58 percent of the Crimeans polled believe that the real power in Crimea belongs to the mafia.

....This raid on the Lesbar and the Centurion insurance company, controlled by the "Greki" grouping, stayed in the minds of Simferopol residents as one of the bloodiest—a young girl who was there by chance perished in the building. Raiders A. Tanasevskiy, A. Pukhtitskiy, and A. Timofeyev, arrested at the site, never did tell which of the groupings ordered this operation from them, despite the fact that two of them were sentenced by the court to capital punishment.

....That fateful day, the chairman of the 19th Party Congress Kolkhoz, V. Seroshtan, as usual, went out into the field. He had spoken with some combine operators at the harvest, and, as he was walking to the car from a stand of timber, up jumped an unknown man, fired several shots at point-blank range, and sped away on a fast motorcycle. According to the assessments of specialists, this was one of those murders that show that the second stage of redistribution of spheres of influence is taking place on the peninsula. The sphere of private business has already been divided up, and the mafia is trying to subordinate state structures. At the hand of a hired killer V. Sinelnik, general director of the Krymgaz association, and several directors of health resorts perished. There has been an especial onslaught today in the agrarian sector. Killings of a clearly contract nature were committed against sovkhoz director A. Romanovskiy and the parents of director V. Lyubovetskiy; sovkhoz director I. Yevtushenko was wounded; statements have been received concerning threats made to other managers. In Sevastopol, a series of "oil" murders took place—the director of the Intercontinental firm, V. Chigrinskiy, and the director of a tank farm, A. Bychkov.

This, Ministry of Internal Affairs analysts believe, is happening also because in Crimea capital in the traditional mafia branches— the sex, gambling, and narcotics businesses—does not yet have sufficient turnover. According to the assessments of the specialists, a network of narcotics consumers is only just forming on the peninsula. The circulation of narcotics in the past year increased by a factor of two; over half a year, 1,291 persons have been detained. Cheap, primitive drugs are in use—poppy straw, Cannabis. This is explained by Ukraine's weak monetary system. As soon as convertible and hard currency appears in the country, expensive narcotics will arrive as well.

As police operations data testify, the sex business is also still weak on the peninsula. Mainly, the "Greki" grouping is engaged in the delivery of girls abroad—to Turkey, Lebanon, Cyprus, even Norway—but their system is weak. On the peninsula there are only about 10 generally known sex dives, and a network of especially expensive prostitutes that is likewise small in number (according to expert estimate, only several dozen) services a clientele that is steady and checked repeatedly. All the rest is on an amateur level....

The gambling business network numbers no more than a dozen professional casinos, some of which were until lately controlled by Dzyuba. Because of the limited clientele, they do not produce real capital turnover, and for this reason the groupings are not yet striving to invest resources in this business. This means that in Crimea it is precisely in these branches that a new burst of turnover is expected about three or four months after the beginning of privatization. A third step will come in the redistribution of property. At that time, analysts believe, there will be a new burst of crime—extortion, contract murders, mafia showdowns....

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Economic Issues

Kuchma Amends Edict on Payments in Economy

LD2108170595 Moscow INTERFAX in English 1547 GMT 21 Aug 95

[FBIS Transcribed Text] Kiev, August 21 (INTERFAX-UKRAINE) — Ukrainian President Leonid Kuchma has made amendments to his decree dated March 16, 1995 "On measures to normalize regularity of payments in Ukraine's economy".

From now on, the order of priority for banks to fulfill payment orders of enterprises, institutions and organizations of all forms of ownership as regards transfer of payments is to be decided by the National Bank in agreement with the Cabinet of Ministers.

The National Bank jointly with the Cabinet has been given a week to establish the order of priority for banks to fulfil payment orders as regards transfer of payments.

The decree is becoming effective since the date of signature.

Cabinet Discusses Bleak Outlook for Power Industry

LD2108234095 Moscow ITAR-TASS World Service in Russian 1926 GMT 21 Aug 95

[by UKRINFORM-TASS correspondent]

[FBIS Translated Text] Kiev, 21 Aug — "A power engineering shock will be preceded by an organizational shock," Ukraine Prime Minister Yevhen Marchuk told today's meeting of the Cabinet of Ministers in Kiev when they discussed an issue related to the unsatisfactory preparation of the country's national economy for work in autumn-winter 1995-96. We have approached a point beyond which a catastrophic situation caused by non-payments for fuel resources is looming, he stressed.

The situation is such that, because of a lack of funds for purchasing spares, units and assemblies, a number of thermal power stations are about to stop operation. The situation at nuclear power plants is difficult, too. The stocks of coal are considerably lower than last year. The debts for gas deliveries from Russia are continuing to grow. The current debts for gas alone have reached $330 million. The debt for gas deliveries from Turkmenistan has also increased.

A proposal to introduce a state of emergency in Ukraine's fuel and power engineering complex was submitted for the meeting to consider. The head of government did not support it, however. He suggested introducing structural changes in the leading ministries and departments who have brought about this situation.

Privatization of Hazardous Facilities Viewed

WS[illegible]08105095 Kiev URYADOVVY KURYER in [illegible]inian 17 Aug 95 p 5

[Article by Serhiy Voloshyn: "Privatization of Hazardous Enterprises"]

[FBIS Translated Text] The threat of accidents of technological origin has existed since the appearance of industrial production. The results of these kinds of events are objectively and mutually connected with the volumes and the nature of economic activities. The scientific and engineering progress of the 20th century, which ensured both qualitative and quantitative development of production, created preconditions for the accelerated increase in the number of accidents and disasters of technological origin. According to UNESCO data, around 200,000 major accidents occurred between 1970-1985, causing over 1 million human casualties. The tragic events in [India's] Bhopal and Chernobyl, where tens of thousands of people lost their lives, became the culminating point of these events. Thus, the seriousness of the danger helped people to fully realize its existence. Developed countries have launched research in this area, and state programs were drafted and passed which were oriented toward forecasting, preventing, and maximally decreasing the consequences of possible dangerous events. Potentially dangerous enterprises have become the primary objects of examination, whereas the systems of technological security at different levels — ranging from the national level to the individual enterprise — are the results of these research programs.

Potentially dangerous enterprises are those enterprises which include, as part of their technological process, substances with properties whose unsanctioned emission into the environment may cause significant economic and social damage.

The current economic and social situation in Ukraine makes it difficult to introduce environmental protection measures at all levels; at the same time, their introduction is imperative. Thus, the search for alternative sources of financing is becoming a more urgent issue. Privatization can make a significant contribution to the resolution of this problem at the enterprise level.

In the process of changing the form of ownership of potentially hazardous enterprises, the state has an opportunity to resolve this problem at the expense of state property purchasers or potential investors. In practice, this has been implemented through introduction of certain conditions and amendments to the legal and normative guarantees of the privatization process.

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While implementing this task, the state's activities can be roughly divided — in accordance with the goals they are targeted at — into two stages: The stage of preparing and implemening privatization processes in hazardous enterprises, and the stage of post-privatization control. The roughness of the division reflects the need for complex, inseparable, and coordinated accomplishment of the task in reality.

The first stage is characterized by close interaction between the state and scientific-research institutions. This is explained by the specific nature of the issues which are being resolved, the most important among which are the following:

— drafting lists of hazardous enterprises whose privatization does not contradict existing legislation;
— development of normative-methodological regulations with regard to the environmental safety measures, including obligatory quantitative description of admissible [pollution] levels for the principal group of facilities;
— the results of activities conducted by sectoral privatization commissions should reflect proposals concerning requirements in privatizing industry-specific hazardous enterprises, as well as limitations to this kind of privatization;
— attraction of foreign investments by creating special conditions for acquiring additional benefits;
— use of various methods to prepare enterprises for the privatization process (in particular, corporatization and financial improvement) in order to create preconditions for the introduction of environmental safety measures;
— adding necessary amendments to the principal methods of privatization. In practice, these amendments are regarded as making privatization of a specific hazardous enterprise dependent on the creation of a system of environmental safety at an appropriate level of this enterprise. In the majority of cases, the adopted methods of privatization give the opportunity to enforce those conditions without particular legislative initiatives (which are an extensive process).

Thus, in the event of a lease — which is regarded as one of the privatization methods — a lessee (in this case represented by the state) is interested in the fact that the leasing agreement includes the aforementioned provisions; otherwise the responsibility for a possible loss of the facility is placed upon him.

When an enterprise (a post-lease one, or one sold in accordance with an alternative plan) is purchased, a requirement to observe environmental safety can be included in the privatization plan's chapter dealing with requirements and limitations. A similar practice has been accepted with regard to requirements of the Ministry of the Environment and Nuclear Safety. In addition, it is also prudent to include an assessment of the risk of emergency situations in the proposed business plan.

It is expedient to include all the amendments into the privatization plan when privatizing an enterprise by means of an auction.

In the event of a tender, this condition shall depend on the type of tender. In the commercial-type tender, the clause for maintaining an appropriate level of environmental safety can be introduced as a registered condition of privatization. In a non-commercial-type tender, the existence of such a clause should be regarded as an advantage, while selecting the winner among participants with otherwise equal results.

As for auctions, there is no possibility to register such a condition. Therefore, it is expedient either to ban the privatization of hazardous enterprises through auctions, or to conduct a series of appropriate activities after the change in ownership occurs.

When the process of privatization is accomplished, the state will assume the function of monitoring the observance of the level of environmental safety in privatized enterprises. This role is to be implemented through the following:

— the introduction of obligatory, formal accountability in accordance with the requirements of the national system of monitoring potentially hazardous facilities;
— the creation of a license system for the activities of specified enterprises;
— periodic auditory review of enterprises' activities;
— legislative regulations imposing on enterprises the responsibility for possible environmental damage — which may have been caused by emergency situations;
— provision of privileges in credits, taxes, and insurance to encourage improvements in safety.

The implementation of the aforementioned measures is possible without significant expenditures and within a short period of time. It is prudent to use the period of the suspension of the privatization process to further improve it and eliminate all kinds of errors — which obviously appear given the great variety of privatized facilities. This is especially important in the privatization of potentially hazardous companies. The successful introduction of the necessary amendments in this branch of privatization will result in the tangible economizing of funds, which sooner or later will help to resolve the problem of protecting the population from the consequences of emergency situations of technological origin. In any case, the state will manage to get rid of the unfortunate habit of paying twice.

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Official Explains Problems Involved in Gold Extraction

AU2208101895 Kiev HOLOS UKRAYINY in Ukrainian 18 Aug 95 p 5

[Report by Lyudmyla Hrach: "Gold Is Everywhere. It is Profitability That Matters"]

[FBIS Translated Text] *For those who are not aware of this fact: Even seawater contains gold. However, do not mistake this for striking a new deposit of hard currency. Because outlays here would not be justified. One may only get a pleasant sensation of bathing in gold. Recently, a statement appeared in the mass media that the waste from Kryvyy Rih iron ores is full of gold.*

"After such irresponsible assertions," pointed out Yevhen Kovalenko, chief of administration for raw materials sources at Ukraine's State Committee for Atomic Energy, "one gets an impression that gold is simply lying about in the garbage can. Of course, those rocks that accompany ores do contain some gold, but it is only an economic study that may estimate its concentration and decide whether it is present in commercial quantities.

"The Dnieper Chemical Plant has the technology for extracting gold from gold-bearing ore. This process is almost identical to the one used for obtaining uranium concentrate, because these procedures are based upon the hydrometallurgical process. It is even more difficult to extract uranium than gold. However, to deal with gold, the plant must reequip its workshops, create an express laboratory for spectral analysis, and so on. On the condition that specialists at the Ministry of Industry reveal a sufficient gold content in a particular waste rock. Here, however, one is again dealing with a two-edged weapon: One has to find gold in the waste rock, and the plant must be reequipped. We have bright people at our plant, but there is no money for such developments.

"There are presently five promising gold deposits in central Ukraine: Two in Dnipropetrovsk, two in Kirovohrad oblasts, and one in Odessa Oblast. A technological and economic study will show where gold bullion may be obtained. Meanwhile, the program 'Ukraine's Gold' is in the process of preparation and must be approved by the Cabinet of Ministers in September. The institute at the State Committee for Atomic Energy is already working on designing a mine in the Muzhiyivskyy deposit in Transcarpathia.

"We will not remain without gold. Yet, as regards its extraction from iron-ore waste, this is very problematic, because the end does not always justify the means."

Farmers Reluctant To Sell Grain to State

MM2208081895 Moscow TRUD in Russian 17 Aug 95 p 2

[Article by Stanislav Prokopchuk: "First Commandment Is Pay in Full. There Is Grain in Ukraine, But Peasants Have Forgotten Route to Silos"]

[FBIS Translated Excerpt] Kiev — An unpredictable situation is developing in Ukraine as regards the fulfillment of the "first commandment." Having grown an excellent harvest by current standards, the peasants are reluctant to take the grain to the elevators. A total of 21 million tonnes of grain — of the 26- million tonne yield — were lying on threshing floors and in temporary farm storehouses during the first 10 days in August. The 10-million tonne state procurement order was barely 25-percent fulfilled.

Plenty of grain was shipped to grain reception centers for storage rather than sale. Today many farm chairmen are suffering sleepless nights: Will the state "expropriate" this grain at knockdown prices? They do not suit the peasant today. That is the reason for the "sabotage" of grain procurement. [passage omitted]

During a recent frank conversation with Alina Vedmid, chairman of the "Zarya" Agrofirm, which is well-known in Kiev Oblast, when asked "What will you do with the grain if purchase prices are not raised?" she suddenly erupted: "We would do better burying it rather than handing it over for a song!"

Needless to say, this was said in anger. No one in his right mind will let rot grain on which he has expended his own sweat. But nor does anyone intend to hand over grain "for nothing," as I saw it. The peasants' patience is wearing thin and their trust in the government has almost run out. [passage omitted]

"You cannot feed yourself off the land today," Viktor Beregovoy, chairman of the "Pologi" KS [expansion unknown], said sadly. "Five years ago we would buy 1.5 tonnes of solar oil for one tonne of grain, now we have to give three tonnes of grain for it. We sell one liter of milk to dairies at 9,000 karbovantsy whereas in the city you pay 35,000. What is more we are not paid for months. Dairies and meat combines owe the peasants 7 billion karbovantsy. Nor have we received indexation for last year's grain. With what are we to buy fertilizers when 80 percent of the profits are taken from us in the form of taxes of various kinds?"

Incidentally, whereas in the past Ukraine harvested 42-43 million tonnes of grain, now at best it will reach the 40-million mark. Provided it succeeds in getting more maize grain. But it is cheaper cutting and setting aside

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the "queen of the fields" for silage than threshing it. In other words, the grain harvest is indeed linked with the financial potential of the country and its partners, the countryside's permanent debtors. The peasant's lack of money stems from the poverty of the townspeople whose wages do not allow them to buy food. In some places meat combine and dairy capacities are 50-percent occupied, in others 20-percent. Livestock are not being slaughtered since the state trading system does not have any money. It is a vicious circle....

Around 80 trillion karbovantsy are needed in order to complete the current harvesting cycle and begin the fall field work. The state does not have that amount of credit. Just as it does not have the 120 trillion karbovantsy needed to buy grain from the peasant to meet state needs. In the past a solution was sought by increasing the money supply, but today that is not at all popular — the introduction of the hryvna lies ahead. Nikolay Sobodash, deputy head of a Finance Ministry administration, recalled the 72 trillion karbovantsy that the peasants took last year in the form of a budget loan and have still failed to repay. But farms do not have that kind of money in their bank accounts — if they did, it would have long since been seized to pay off the debts. In a word, analysts believe that the situation is deadlocked and one can only guess how the government will break the deadlock. Since the question of paying the money that the state owes to the peasant for the contracted grain procurements has not even been resolved yet.

"Under the contract we should be sending 265,000 tonnes of grain to the silos," Vasiliy Sinko,, head of Kiev Oblast Administration, told me. "We have only been given half the money for that amount, moreover based on 10 million karbovantsy per tonne of wheat. But the market price has already risen to 16 million. So, after delivering the first half of the contract grain, peasants are in no hurry to bring the rest to the reception centers."

"Our farms have supplied 3,000 tonnes of grain," Leonid Koval, head of Vasilkovskiy Rayon Administration, said. "They have not received any money. How can I ask a kolkhoz worker to ship grain 'for free'? The wind is whistling around our grain reception centers' granaries, which are capable of accommodating 50,000 tonnes of grain."

"Our farms too are holding back grain," Vladimir Yaremchuk, head of Khmelnitskiy Oblast's Kamenets-Podolskiy Rayon Administration, echoed his colleague. "They are reluctant to sell even at 14 million per tonne. They know that they can earn double that in Belarus, the Baltic countries, or in Russia converted into karbovantsy. And our procurement personnel have not repaid the 74 billion karbovantsy for last year's grain."

Kolkhoz workers are ready to sell much of the grain that they have procured, but once again they are demanding immediate payment. But there is no money in the rayon. Nor is there any of the former crosstrade in consumer goods and construction materials. V. Yaremchuk is scared by the "Olympian calm" of those who should be handling grain procurement funding.

Incidentally, while statesmen in the Commonwealth countries, where grain has not ripened, are pondering whether to buy the surplus in neighboring Ukraine, commercial smooth operators are not sleeping. Despite statesmen's harsh statements to the effect that they will not allow grain exports until Ukraine's granaries have been filled, all manner of traders are already roving around villages offering peasants 18-20 million karbovantsy per tonne. Consequently, buyers are confident that they will find a loophole to export grain from Ukraine without quotas and licenses.

When talking to me Vasiliy Sinko, head of Kiev Oblast Administration, voiced what I thought was an extremely sound idea. All the CIS countries, he said, are dying to enter the market on their own, but each is naked and barefoot. Having severed economic ties we have surrendered ourselves to foreign firms, which are foisting their own selfish interests on us. It is necessary to **urgently create a CIS Center for Market Relations on an equal footing to coordinate the revival of the now ramshackle agricultural machine building industry and tackle grain policy within the Commonwealth framework** in order to ensure that grain enters the countries' granaries rather than bypassing them, making the former Union brethren dependent on U.S. importers.

This idea is certainly a difficult one. Its implementation would invariably raise a host of political and economic issues. But the problem of grain must be resolved by everyone and it would be better for them to do so together. If we want to be equal partners with the Western world rather than just the supplier of raw materials and the consumer of stale goods. Otherwise we will bring the agro- industrial complex to the end of its tether.. And God help us if we end up in the situation that my mother and millions of her contemporaries endured during the disturbances of "War Communism" and the requisitioning of farm produce.

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Belarus

German Foreign Minister Kinkel Pays Official Visit

LD2108173095 Minsk Radio Minsk Network in Belarusian 1600 GMT 21 Aug 95

[FBIS Translated Text] Klaus Kinkel, the minister of foreign affairs of the Federal Republic of Germany, is in our republic today on an official visit. The German foreign minister had meetings with Belarus President Alyaksandr Lukashenka and Prime Minister Mikhail Chyhir. Klaus Kinkel also held talks with Foreign Minister Uladzimir Syanko on the further development of Belarusian-German relations. Apart from that, Mr. Kinkel met journalists today. Details from Yawgen Nyaleshka in the POSTFAKTUM studio.

[Nyaleshka] Political dialogue at summit level between Germany and Belarus started back in September 1992, when Stanislaw Shushkevich, the then chairman of the Supreme Soviet of Belarus, paid an official visit to Germany. Germany applauded the decision of the Belarusian Parliament on nuclear weapons, and is giving our republic consultative and technical help in cutting conventional weapons.

The main topic of today's talks with the German foreign affairs minister was, as he put it, the fulfillment by Belarus of its obligations in cutting conventional weapons in Europe.

[Kinkel in German, fading to correspondent's report] Germany will continue to make efforts, says Mr. Kinkel, to allow Belarus to fulfill its obligations and (?has allocated) the republic 300 million German marks within the framework of the treaty [not specified]. I understand that Belarus needs help, [words indistinct]. We understand that Belarus does not have the funds to tackle this problem, and it is very important that my visit is taking place on the eve of negotiations with the IMF. It is precisely at these negotiations that ways will be sought to achieve agreement on granting Belarus financial assistance amounting to 270 million German marks. Germany is very (?interested in) the progress of economic reforms in Belarus.

Germans are interested in [words indistinct] special agreement between the European Union and the Republic of Belarus, because it is precisely the FRG, in the context of the European Union, which is the biggest economic partner of your republic. Belarus today is in a very complex situation and needs support [words indistinct], and we Germans understand this. We also remember another thing: The population of Belarus specially suffered during the Second World War. So we feel (?special) responsibility to Belarus and are ready to support you at any level. Belarus today has not only partners, but also friends, and that is the main thing, notes Mr. Kinkel.

What else about the visit? Apart from today's meetings, the German foreign affairs minister laid a wreath at the monument on Victory Square and honored the memory of the victims of the repressions in Kuropaty. While staying in the Belarusian capital, the German guest visited the Minsk Motor Vehicles Works, where he familiarized himself with the process of manufacturing buses being produced under license from the world-famous firm, Neaplan. The visit by Klaus Kinkel will be completed today.

Kinkel on Conventional Arms Reduction

LD2108193895 Moscow INTERFAX in English 1839 GMT 21 Aug 95

[FBIS Transcribed Text] Minsk, Aug 21 (INTERFAX-WEST) — German Foreign Minister Klaus Kinkel has not received any commitments by the Belarusian leaders about resuming the destruction of conventional arms. For this reason he did not promise anything specific about the size of aid Germany could provide for this purpose, Kinkel said at a news conference in Minsk Monday [21 August].

Earlier in the day he held talks with Belarus President Alyaksandr Lukashenka, Prime Minister Mikhail Chyhir and Foreign Minister Uladzimir Syanko.

Lukashenka said last February that he had ordered to halt the destruction of conventional arms under the Agreement on Conventional Arms in Europe, chiefly because of shortage of finances.

Kinkel was confident that the agreements on conventional arms and on withdrawal of Russian strategic units from Belarus will be implemented. Kinkel agreed in his talks with Lukashenko that a vast arsenal of advanced weapons is concentrated in Belarus because of its geopolitical position through no fault of the Belarusian people.

Kinkel believes that Belarus cannot implement the agreements on its own and needs the aid of the world community for this purpose. He added that Germany is prepared to back Belarus's desire to cooperate with the European Union. Kinkel said that Germany will be prepared to ratify the Belarus-EU partnership and cooperation agreement if Belarus meets its commitments under the agreement on reduction of conventional arms in Europe.

Syanko said at the news conference that the pull out of Russian strategic units is proceeding as scheduled and will be complete before the end of 1996.

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Syanko told journalists that the International Monetary Union board will consider granting a $250 million stand-by credit to Belarus on August 23. He expressed the hope that the board will decide in Belarus's favor.

Trade Union Leader Views Labor Unrest

WS2108143995 Minsk ZVYAZDA in Belarusian 19 Aug 95 pp 1-2

[Report on interview with Frants Vitko, deputy chairman of the Federation of Belarusian Trade Unions, by unidentified reporter; place and date not given: "Our Stance Is Firm and Clear. We Advocate Social Dialogue As Long As There Is a Chance of Finding a Compromise"]

[FBIS Translated Text] [ZVYAZDA] The Belarusian Cabinet of Ministers, trade unions, and employers held negotiations from 21 July to 8 August. What were the primary objectives and results of the talks?

[Vitko] The main goal of the talks was the implementation of the 1995 General Agreement, including timely and full payments of wages. The emphasis on the issue of remuneration for labor is not accidental. The financial crisis in the Republic's economy has brought about a state in which many enterprises, kolkhozes, sovkhozes, organizations, and institutions are forced to systematically delay payments of wages, leave allowances, and even pensions.

One can understand the desperation of tens of thousands of workers, specialists as well as education, science, and culture employees, pensioners, and invalids, for whom wages are virtually the only means for existence. People's discontent has dramatically raised the "social temperature." The decision to start negotiations was based on proposals presented by organizations belonging to the Federation of Belarusian Trade Unions [FPB]. At a meeting of the FPB Council, we discussed a list of issues for debate and proposals concerning their settlement, and appointed a delegation which participated in the talks.

As for the specific results of the talks, the primary one (in our opinion) is the signing of the Belarusian Cabinet of Ministers Resolution No. 435, "On Certain Measures for Financial Improvement of Economic Entities," which was drafted with the participation of trade unions and employers. The implementation of the resolution will make it possible to at least quadruple the practice of using money transferred to companies' accounts for urgent needs, including purchases of raw materials, components, and, of course, payments of overdue wages.

Additionally, in accordance with this resolution, there will be a mutual clearance of debts between the budget and economic entities. The point is that certain enterprises, particularly those from small cities, maintain boiler rooms, provide heat to houses, and perform other municipal and consumer services for which they should receive money from the budget. At the same time, enterprises owe the state a certain amount of taxes and compulsory payments. The goal of the mutual clearance of debts is to remove this financial "clot."

To put it briefly, viable enterprises will be able to breathe in "financial oxygen" to resume production, preventing a decrease in staff and production capability. This is perhaps the last chance; we cannot afford to lose it. It is simply naive to talk about resuming production at closed enterprises at the beginning of heating season.

The aforementioned resolution is the main result of the talks, but not the only one. The prime minister and FPB chairman signed a protocol which included a number of instructions aimed at improving remuneration for labor, paying overdue wages, replenishing enterprises' working capital, and creating a mechanism for implementing the Belarusian presidential edict on collecting fees.

Now, the point is to implement it.

[ZVYAZDA] One may assume that you positively assess the results of the negotiations. However, do you not think that the latest events — including strikes at public transport companies in Homel and Minsk and a number of radio engineering companies — contradict your assessment?

[Vitko] No, they do not. One cannot but take into account the fact that people's patience is limited. Prices and tariffs are increasing. The situation in the production and social sectors is not improving; on the contrary, it is deteriorating. In this situation, one careless move, let alone an appeal by a "new fighter" for "the people's happiness," is enough to trigger a spontaneous protest.

This, by the way, is being used by those who have not achieved political success. Their desire to "bridle" the working movement is enormous. Given such goals, the constructive position presented by FPB does not conform to their scenario. Articles "exposing" the antipopular nature of the current trade unions are thus appearing intentionally....

Our stance is very firm and clear. We advocate a social dialogue as long as there is a chance of finding a compromise and a possibility of coordinating the interests of hired workers, employers, and the state. And this stance is by no means determined by the weakness or "conformity of the official trade unions," but by the understanding of a simple truth — the material

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foundation of people's wealth is not created in the squares and streets.

This, however, does not imply that trade unions belonging to FPB have removed forms of active protest from their arsenal. But we will use them only if other means are exhausted, as was the case before, for example in January this year. And we will use them strictly within the framework of law, not because of a provocation.

[ZVYAZDA] Does this mean that FPB is ready for active actions if needed?

[Vitko] Yes, it does. The personnel and intellectual capabilities of FPB and its organizations enable us to prepare and stage mass protest actions of workers in defense of their labor and socioeconomic rights. Whether this is needed, however, will be determined by a majority of our members. [end Vitko interview]

Meanwhile, the employees of the Minsk subway yesterday morning continued their strike, which, as everybody knows, began the day before yesterday mainly by electric train engineers. Subway stations were again deserted, and announcements about "technical reasons" were again displayed at the gates.... We asked the FPB deputy chairman to comment on the subway situation. In particular, he pointed to the fact that the FPB chairman had already presented such an assessment in one of the Belarusian newspapers. He also stated that the FPB Presidium had been discussing the situation in public transport companies, particularly the subway, since yesterday morning, and had issued a special statement for the press.

During the interview, Vitko also noted that this conflict was to a considerable degree provoked by the subway administration. Over the last four months, certain paragraphs of the collective agreement had been violated, including those concerning payments of incentives and bonuses for safe operations. The subway trade unions had been inviting the management to sit at a negotiating table throughout this time. As usual, however, they had simply been stalled. Thus, the situation was deteriorating. This eventually brought about a spontaneous, though not quite legal, protest, and demands to replace the subway director.

What else could the trade unions do since they had been ignored?

According to our interlocutor — who, by the way, emphasized that this strike began not because of money but the disregard of subway employees' demands and unwillingness to deal with the trade unions — yesterday at noon the situation was as follows: The City Executive Committee had appealed to the subway employees to negotiate without any preconditions, and had not supported sanctions against participants in the strike; (one of the Presidential Administration leaders had threatened sanctions). Moreover, this position had been adopted at the proposal of a trade union belonging to FPB. It is still unknown whether the independent trade unions, which also operate at the subway, will support it. According to certain reports, they do not want to end the strike until all preliminary demands are met.

Arrest of Strike Leaders Detailed

WS2208081695 Minsk BELAPAN in English 0650 GMT 22 Aug 95

[FBIS Transcribed Text] The Deputy of the Supreme Soviet Syarhey Antonchyk informed in more details of the events taking place in the Headquarters of the Independent Trade Union of Belarus (ITUB) on August 21 at the press conference. According to Mr Antonchyk, at 8.30 am ten representatives of the initiative group of the Minsk metro including the leader of the Independent Trade Union of the Minsk metro Uladzimir Makarchuk and the leader of the Trade Union of Railway workers Mikalay Kanakh were arrested by the people wearing masks. The arrested people, according to Mr Antonchyk, were taken to the base of the Ministry of Internal Affairs troops, (in the district of Prylutskaya street), and then, under escort they were taken to the Minsk-city Court where the court sitting on the strike took place at 10.00 am. At present Mr Kanakh and Mr Makarchuk are taken to the Minsk-city Office of Public Prosecutor and are interrogated as witnesses. According to Mr Antonchyk, their lawyers are not admitted to them, their status is not determined. Both trade union leaders were arrested without the sanction of the procurator, during the arrest the force was used. Mr Makarchuk and Mr Kanakh were informed that the Office of Public Prosecutor recognised the strike to be illegal and brought in an action against them. In the morning some strangers came into the headquarters of the ITUB and suggested that the head of the ITUB Henadz Bykaw should follow them to the Ministry of Internal Affairs. According to Mr Antonchyk, Mr Bykaw refused to follow them demanding corresponding sanctions of the procurator to arrest him. Some time later the strangers returned followed by a militia Colonel and showing an old-fashioned certificate of the militiamen insisted that Mr Bykaw should follow them. Some time later militiamen came to the headquarters of the ITUB and demanded to leave the building. The court sitting is postponed. BELAPAN will inform of the following events in its later round-ups.

Front Leader Condemns Government

WS2208084495 Minsk BELAPAN in English 0650 GMT 22 Aug 95

[FBIS Transcribed Text] The leader of the Belarusian Popular Front (BPF) Zyanon Paznyak in his interview to a BELAPAN correspondent on August 21 refuting statements of some officials said that the BPF bears

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no relation to the organization of the strike at the Minsk metro held on August 17-20. He condemned the actions of the government in respect to some strikers and activists of the Independent Trade Union arrested by the militia. Mr Paznyak estimated that the escalation of the process of violation of human rights which is observed now began on April 12, 1995 when the deputies of the parliamentary opposition going on hunger-strike were forcibly evicted from the sitting-hall.

Plant Union Threatens 'Radical Measures'

WS2208084595 Minsk BELAPAN in English 0650 GMT 22 Aug 95

[FBIS Transcribed Text] On August 21 at the lunch break a meeting of the Independent Trade Union was organized at the Minsk Automatic Lines Plant (MALP). The situation at the Minsk metro and the arrest of the leader of the Independent Trade Union of the Minsk Metro Uladzimir Makarchuk and the leader of the Trade Union of Railway workers Mikalay Kanakh was discussed at the meeting. The meeting adopted a resolution approving the Minsk metro workers. Raising money to support the strikers is planned. In case the arrests and other punitive measures continue to be undertaken against leaders of the Independent Trade Union the MALP workers may go on actions of protest including more radical measures. According to the Chairman of the Independent Trade Union Pavel Maiseyevich, these measures may be of the same character as those events in Orsha in 1991 when the strikers blocked the railway tracks in Moscow direction.

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Kazakhstan

Nazarbayev Visits North Kazakhstan's Kustanay Region

LD2108120295 Moscow INTERFAX in English 1101 GMT 21 Aug 95

[FBIS Transcribed Text] Almaty, Aug 21 (INTERFAX) — President Nursultan Nazarbayev left for Kustanay Region in the north of Kazakhstan Monday [21 August].

As his press secretary Dulat Kuanyshev told INTERFAX, during his trip the president will supervise preparations for the referendum on Kazakhstan's new constitution planned for August 30.

According to the press secretary, the president will also inspect the process of harvesting in the country's major grain-producing area.

"Unfortunately, the situation in Kustanay Region is very complicated this year, since the harvest will be low because of the drought," he noted.

In addition Nazarbayev will inspect preparations for the upcoming winter, and visit several industrial and agricultural facilities to see how they are carrying out economic reforms," Kuanyshev said.

Protest Outside Chinese Embassy Over Nuclear Test

LD2108141195 Moscow ITAR-TASS in English 1347 GMT 21 Aug 95

[By Yesenkul Bekbulatova]

[FBIS Transcribed Text] Almaty, August 21 (ITAR-TASS) — A meeting of protest over the nuclear explosion staged by China last week was held outside the Chinese Embassy here on Monday. Activists of Attan, people's centre for the elimination of nuclear ranges, demanded an end to nuclear testing and the closure of the Chinese range Lob Nor, the source of vast damage for Kazakhstan.

Final Draft Clear on Dissolving Parliament

954F3115A Almaty EKSPRESS-K in Russian 15 Aug 95 pp 1-2

[Article by Yuriy Mikhaylov: "It Is Now Clear When Parliament Should Be Dissolved"]

[FBIS Translated Text] Discussion of the draft constitution is over, and the referendum will be held shortly, but this does not, I believe, signify the impossibility of a public analysis of certain provisions of the future basic law (hardly anyone is in any doubt today that it will become such).

Among the revisions that were made to the modified draft we may distinguish primarily the relatively clear list of grounds on which the head of state is entitled to dissolve parliament. Previously this provision appeared provocatively vague: The president was entitled to do this without any visible cause, merely consulting with the chairmen of the chambers and the prime minister.

Now Article 63 reads: "The president may dissolve parliament in instances of parliament's expression of a vote of no confidence in the government, parliament's twofold refusal to consent to the appointment of a prime minister, or a political crisis as the result of insurmountable disagreements between the chambers of parliament or parliament and other branches of state power."

On the whole, this wording recalls that contained in the Russian Constitution. Inasmuch as the government is patently a presidential team, as distinct from parliament, which is elected from below and which could perfectly well act in Jacobin fashion contrary to the officially adopted reform policy, a choice of the head of state between the cabinet and parliament would obviously be determined in favor of the first. Whence the conclusion that the future democratic body should get along with the government as far as possible.

True, parliament could throw a wrench in the works of the cabinet without passing an official vote of no confidence in it also. Acting, that is, for self-preservation purposes on the sly—criticizing and scoring political points before a people uninitiated into the secrets of macroeconomics. A dissolution of parliament is perfectly possible in this case also—its insidious tactics would be cut short on the pretext of it having entered into an insurmountable conflict with the executive branch of power.

Another interesting amendment in the draft basic law concerns such a delicate subject as state ideology. It is a worry today mainly for the representatives of the scientific and artistic intelligentsia, who derived many dividends with the aid of ideology in former times. And although the ideologies are changing, the professional skills remain and demand judicious use in the public interest.

The unceremonious wording in the first draft, "**No ideology may be established as the official or compulsory ideology,**" therefore evoked, to put it mildly, an ambivalent response and even puzzled questions of the following type: How are we to live in the future, in what are we to believe?

Wishing, evidently, to reassure perturbed citizens, the developers of the draft deemed it necessary to remove

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this unceremoniousness and to keep the same idea, but stated more tactfully: "Ideological and political diversity are recognized in the Republic of Kazakhstan" (the word "diversity" is, it is true, singular, and, consequently, the verb also should be in the corresponding form, but let that pass, it's orthography). People who love ideology and who dream of a new ideological cohesion (which will necessarily appear as soon as life gets a little easier) hereby retain the hope that the diversity by no means excludes an official ideology, for which the elaboration of the corresponding concepts and theories and candidate's and doctoral theses will be required in addition.

Article 16, which accords each of us the right to personal liberty: You can sit and hammer away at a typewriter, you can also go out and tie one on, looks very good in the draft. If, while realizing this right a subject has broken the law, almost inevitable liability awaits him. Earlier it was expressed in simple and intelligible form: A person could be put in solitary and detained for as long as the police needed. Not that long since a new progressive provision appeared in the law: A subject held in custody could apply to the court for a judicial authority to review the justice of the "preventive detention"—is he being held in the jug correctly or is this "carrying things too far." Some detainees actually did appeal, and the courts supported the police far from always.

This practice could not, naturally, have been to the liking of the authorities fighting in the republic for the triumph of law and order and general compliance with the law. It was not at all fortuitous, therefore, that lobbying for the cancellation of this right was conducted in Operation Law and Order wrapping—the head of state issued the corresponding edict.

Now this right returns to the new constitution. The handwriting not of the law enforcement authorities but of the Ministry of Justice, which is oriented toward international models, is clearly visible here. True, the law enforcement authorities retain a right also—to detain a suspect without the approval of a prosecuting attorney. And what is interesting is that whereas in the first draft constitution this detention was permitted merely for 48 hours, the revised draft permits 72. A day has been added, and a detainee may sometimes in 24 hours both recognize his guilt and begin to talk.

And one further characteristic addendum. Article 5 contains a strategically important ban on the funding of our political organizations by zealots from abroad—various sponsors who are not averse to lobbying for their interests in a local stable political arena. A barrier has been placed in their way—both the first and second drafts ban "the funding of political parties and trade unions by foreign legal entities and citizens, foreign states, and international organizations."

But the new draft makes one further none-too-noticeable an addition: It speaks of a ban on "parties on a religious basis." That is, attempts to create Islamic, Jehovahist, or Buddhist parties in Kazakhstan are obviously doomed to fail. As far as the Buddhists or Christians are concerned, the likelihood of such party building would seem quite hypothetical, but Islamic movements at times assume, as we all know, quite expressive party forms—as has been the case in, for example, Tajikistan. So the caution of the authors of the draft constitution would seem not inappropriate, although the "Tajik scenario" is simply impossible with us, God grant—regardless of the constitution—inasmuch as this is an entirely different country, a different people, and, correspondingly, a different, our, primordially Kazakhstani, scenario.

Kyrgyzstan

Akayev May Consider Referendum on Prolonging Powers

LD2108172295 Moscow INTERFAX in English 1541 GMT 21 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Askar Akayev has confirmed intentions to consider the possibility of a referendum to prolong his powers in autumn only after consultations with the parliament.

The head of his press service Farid Niyazov told a Monday briefing that Akayev made the announcement at last week's meeting with a big group of activists who collect signatures in favor of prolonging the presidential term.

IF Note: According to official reports, over one million signatures in support of a referendum have been collected throughout Kyrgyzstan which constitutes almost 52 percent of the total number of voters.

Activists say a referendum is preferable because it would promote national unity while any election campaign is invariably accompanied by the smearing of candidates.

According to Niyazov, during the meeting the president thanked everyone who worked in his support at their own initiative, but confirmed his intentions to discuss the referendum matter in autumn after the celebration of the centennial of the Kyrgyz national epos "Manas".

Akayev also said that he will state his final attitude to the referendum only after consultations with the parliament.

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"In any case the matter will be decided fully in keeping with the constitution and laws of Kyrgyzstan and with due account to the opinion of the people," the president promised.

IF Note: The presidential press secretary Kamil Bayalinov in an interview with Interfax ruled out the possibility of a referendum this year on extending Akayev's term till 2000. According to him, elections would be preferable for Akayev but one should not rule out the possibility of a referendum, if the political situation requires one.

Similar referendums were held in Uzbekistan last March and in Kazakhstan last April.

Chief of Staff on Army's 'First Steps'

MM2208090895 Moscow ROSSIYSKAYA GAZETA in Russian 18 Aug 95 p 14

[Account by Major General Ismail Isakov, chief of staff at the Kyrgyz Defense Ministry, under the "First Hand" rubric: "'Scorpion' Sets an Example to the Whole Army. The 44-Year-Old Major General Ismail Isakov, Chief of Staff of the Republic's Defense Ministry, Tells Us About the First Steps of the Young Kyrgyz Army"]

[FBIS Translated Text] Last year was a breakthrough year for our Army. We finally completed the creation of groupings and achieved coverage of the three main strategic salients — the Altay, Naryn, and Karakol salients. Each subunit was given a clear and precise task and knows its maneuvers. We can now calculate precisely, for instance, when this or that unit can reach its line and deploy.

Last year we held two large-scale — for us — exercises. Staffers of the state security, customs, the Ministry of Internal Affairs, and local administrations took part along with the military. In May the troops conducted maneuvers in Osh and Jalal-Abad, and in October in Talas, the Chuyskaya Valley, Ysyk-Kol, and Naryn. Draft new regulations — our own — have been drawn up for our small, 12,000-strong Army. They will come into force following approval by parliament.

The cadre problem is also being tackled. A warrant officers' school has been opened, where 37 people are currently being trained. Some 250 officers are being trained in Russian military establishments. Of these, 27 are studying at military academies. We simply cannot do without Russia. Equipment, ammunition, even the uniform I'm wearing — they're all Russian. Incidentally, two of our soldiers have become students at the Russian Federation Armed Forces General Staff Academy for the first time since Kyrgyzstan gained independence.

Last year we twice replaced our battalion which is operating with the peacekeeping forces in Tajikistan, in Gornyy Badakhshan. At first, I admit, we lacked experience. Our people were ordered to hand over the soldiers to the border forces. The boys were distributed among the border posts, and the officers were sent back. That decision proved a mistake. There were deserters, and the soldiers were out of control and felt out of place. Next time, we said firmly — stop. Here's the battalion, here's the commanding officer and his staff. Give them a task. And everyone only gained from this.

There was just one incident. Four boys from Kyrgyzstan and two from Russia decided to run away. Local Tajiks who had links with the gunmen misled them and showed them the wrong way home, and they wandered onto Afghan territory, right into the arms of field commander Burkhametdin [name as transliterated]. The mojahedin drove a hard bargain, asking for "aid" in the form of kerosene and flour. The mojahedin ringleader was even given medical treatment. We brought him back to our own field hospital with his bodyguard, and there the doctor removed a bad tooth that was tormenting Burkhametdin. He was pleased, and although he dragged things out a bit more, he did let the soldiers go.

Kyrgyzstan's Army of tomorrow is envisaged as strong, mobile, and well equipped with modern hardware — infantry combat vehicles, helicopters, aircraft. The prototype is the recently formed "Scorpion" subunit. This detachment is capable, say, of stopping a large, powerful enemy grouping at a pass.

True, at the moment we are not making any new purchases of weapons and combat hardware. The reason is simple — our pockets are empty. Our Army is, incidentally, the lowest paid in the ex-USSR. That is, by the way, the main reason why Russian officers who stayed behind after 1991 are leaving our forces en masse.

Yes, I would like to stamp out the rumors about the stationing of U.S. or NATO military bases in Kyrgyzstan. Many people have apparently misunderstood the nature of our participation in the "Partnership for Peace" program. It involves the exchange of delegations, participation in seminars and in exercises as observers, and cadre training. But nothing more.

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Turkmenistan

Turkmen Gas Export Attempts Viewed

MM2208091295 Moscow ROSSIYSKAYA GAZETA in Russian 17 Aug 95 p 7

[Report by Mikhail Konstantinov and Boris Filippov: "Genie Awaits His Hour"]

[FBIS Translated Text] Ashgabat — In Eastern fairy tales the genie let out of the bottle as a rule rewards his liberator with untold wealth. It looks as though a Turkmen raw material export — natural gas — like the genie in the fairy tales is waiting impatiently for the time when he will manage to extricate himself from the "bottle" — the existing system for the transportation of energy carriers.

The agreement signed recently between Turkmenistan and Iran on the construction of a 140km gas pipeline from the gas fields in West Turkmenistan to neighboring Iranian provinces will undoubtedly go down in the history of the former Soviet republic's gas industry. The document will be the first real step in Turkmenistan's attempts to bring its chief raw material export onto international markets bypassing the transportation along the Central Asia-Center gas pipeline.

Today the Turkmen Government is inclined to regard the gas transport corridor from Central Asia to Russia and then on to Europe which existed in the interests of the economy of the former USSR as inconvenient for its interests. Having become the main guardian of the former union infrastructure of gas pipelines, Russia is interested in a stable flow of currency from the consumers of gas in Europe. Turkmen is basically being given the opportunity to trade in gas with Ukraine and the Transcaucasus — regions which are experiencing economic crisis and which are largely unable to pay promptly and in full for the gas they receive.

As a result, with its own problems in the economy, Turkmenistan is becoming one of the biggest creditors in the CIS. Total debts to Turkmenistan in the CIS had reached $2 billion by the start of this year. The failure to receive this money is constantly disturbing the Turkmen economy and is becoming a factor in the emergence of the state's many economic and financial problems.

That is why Turkmenistan is seeking with such interest alternative ways of reaching the international energy carriers market. But the imposing idea of constructing a powerful gas pipeline across Iran and Turkey to reach consumers in Europe is a long way from implementation today. There is a shortage of investors for its implementation.

The construction of this pipeline will cost at least $5-6 billion. But if you consider that the world currency market is fiercely controlled by U.S. financial aces and also the complex not to say hostile attitude in the West toward Iran then it is not hard to imagine that a gas pipeline erected with Iran's participation and partly on its territory will not meet with support.

It is no accident that the start of the "construction site of the century" scheduled for May 1995 has been put off indefinitely. This fact, however, has not dashed the Turkmenistan Government's eagerness to seek routes for gas exports across its southern borders. An agreement in principle has already been reached with Pakistan on the construction of a gas pipeline across Afghanistan. But the project for a Turkmen-Iranian gas pipeline still looks the quickest and most feasible and realistic.

Today, Valeriy Otchertsov, vice premier of the government and minister of the economy of Turkmenistan, said in a talk with our correspondents, there is a lot of speculation surrounding these projects and the most diverse suggestions are being advanced claiming that Turkmenistan is trying to channel all its gas exports across its southern borders. That is absolutely not the case. Of the 80 billion cubic meters of gas extracted in Turkmenistan it is planned to channel 10-15 percent of the national extraction through gas pipelines to Iran and Pakistan. So that Russia still remains one of the top priority partners and Ukraine and the Transcaucasus republics remain priority recipients of Turkmen gas.

So the more rapidly full mutual understanding is reached between the partners on the transportation of gas and payment for it, the more rapidly and effectively the genie will be able to emerge from the Turkmen depths.

Uzbekistan

Karimov Signs Edict Creating Foreign Investment Agency

LD2108194795 Moscow INTERFAX in English 1839 GMT 21 Aug 95

[FBIS Transcribed Text] Tashkent, Aug 21 (INTERFAX) — Uzbek President Islam Karimov on Monday [21 August] signed a decree creating the Foreign Investment Agency.

The decree says that the U.N. mission in Tashkent, Uzbek Foreign Economic Relations Ministry and State Property Committee are the initiators for such an agency.

The agency is to work out and implement investment programs together with foreign institutions and funds, participate in drawing up legislation and attracting foreign investment.

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The agency is exempt of all taxes for three years.

The agency is to be granted the status of a nongovernmental organization. Its work will be guided by a steering committee to be made up of state officials, economists, heads of state, presidents of private enterprises, as well as foreign firms and banks.

Details in Transition to Market Conditions

954F3138A Moscow PRAVDA in Russian 16 Aug 95 p 6

[Article by Leonid Tarasevich, dean of the St. Petersburg Economics and Finance University and member of the Russian Academy of Economic Sciences, and Akmal Kholmatov, doctor of economic sciences: "Here They Are Building the Home Their Own Way. Particular Features of the Uzbek Model of Transition to the Market"]

[FBIS Translated Text] The word "macroeconomics" has in recent years on the territory of the former USSR sounded like an incantation in the speeches and publications of politicians and scholars. It is being urged on the ordinary people persistently that only a prudent macroeconomic policy will make it possible to rapidly overcome the crisis and afford all of us an opportunity to live better lives. And many people believe this, casting their votes at elections for future "macro-politicians" or investing money in the paper of numerous pyramid schemes allegedly marking the formation of a new efficient private sector of the national economy.

There always arises in this situation a desire to ask: Which macro-policy do you believe most? The monetary Gaydar or Fedorov policy? The Shatalin or Yasin policy? American or German? Chinese or South Korean? Or, perhaps, dozens of its other schools, which are interpreted differently in different countries?

Macroeconomics, as a science, does not offer unambiguous rules and does not provide prescriptions for surmounting a crisis in the national economy of a specific country. It only attempts to explain the causes of fluctuations in the dynamics of economic conditions and to predict the consequences of this political decision or the other for the purpose of the regulation and stabilization of economic processes. A uniform macroeconomic model providing for the balance and continual growth of the national economy in science which is satisfactory to all has not yet been created. Although multi-volume studies in this connection, by which politicians of hundreds of countries are guided, have been published.

The results of a meeting of heads of state and government of more than 130 countries and international organizations held in March in Copenhagen under the aegis of the United Nations might serve to confirm this. The forum was devoted to a most important world-economic problem—man's social development. Speaking about this, UN Secretary General Butrus-Ghali observed that in the latter half of the 20th century, the world had become witness to unprecedented progress in the material sphere. But it is clear today that, on the whole, all previous efforts in the development sphere have failed to produce the expected changes. The colossal scale and rapidity of the changes in the world today are a source not only of astonishing progress, but also of profound desperation and hopelessness. Butrus-Ghali adduced specific figures here: In recent years the ratio of income level of rich and poor had increased from 13:1 in 1960 to 60:1 in the current decade.

Many people who had become accustomed to the former existence in the hothouse atmosphere of "barrack-yard" communism and to shortages of each and everything, despite the relative cheapness of food, and who have now suddenly fetched up under market conditions bitterly regret the past blessings and are complaining about the present disarray. But they should consider that there are also on earth many peoples whose living standard is very far removed from ours. And we are not only talking about backward Asian and African countries but also previously prosperous states of Central and East Europe, where today tens of millions of people are living below the poverty line, stretching out their meager pay or allowance for priority needs to buy food, of which a stagnant agriculture is producing less and less.

The success of market-type economic reforms is predetermined to a considerable extent by the most diverse factors and, primarily, by the will and endeavor of the people to accomplish these changes and also by the macroeconomic strategy of the government and its resolve to achieve positive change in the economy. And it is in this respect that success has not attended all countries in recent years. Among those that are developing successfully, we may mention Hong Kong, Singapore, Taiwan, and South Korea, and also Chile, Mexico, Egypt, Tunisia, Turkey, and certain others. At the same time, on the other hand, inconsistent market reforms have in many states failed to produce tangible results.

As World Bank data testify, per capita GDP was declining continually at the start of the 1990's in countries with a low and average income level. The decline was particularly great in sub-Saharan African countries. There was practically no growth in personal income in the states of the Near East and North Africa. But the biggest fall has occurred in the countries of Central and East Europe and the states of the former USSR. This is making the choice of efficient macro-

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policy for overcoming the economic crisis particularly urgent for them.

At the same time, things are not deplorable in all republics of the former Soviet Union. Against the background of the general collapse of the national economy, which many economists compare with the results of the Great Depression in the United States (1929-1933) or the initial, most severe, stage of the Great Patriotic War, the positions of the Republic of Uzbekistan, for example, appear more favorable. Compared with 1991, the GDP of Uzbekistan had in 1994 declined only 17 percent, whereas it had declined 43 percent in Kazakhstan, 39 percent in Russia, 40 percent in Ukraine, and 35 percent in Belarus. Industrial output in the republic in this period declined only 2 percent, whereas it declined 48 percent in Kazakhstan, 44 percent in Russia, 38 percent in Ukraine, and 32 percent in Belarus. The production of oil and gas condensate grew twofold, and there was a pronounced increase in the production of gold, grain, light industry commodities, food, and other products in Uzbekistan in 1994 even compared with 1991. A surplus trade balance with the CIS countries has been achieved. Foreign trade turnover increased compared with 1993 and constituted $3.8 billion.

All this is the result of the Government of Uzbekistan's implementation of its own model of reforms, the basic principles of which were revealed in the president of Uzbekistan's speech at the Copenhagen meeting. The most important of these principles are the complete de-ideologization of economic and social relations, the priority of the economy over policy, the gradual and phased nature of the current reforms, and the unacceptability of so-called shock therapy. That is, the republic has opted for an evolutionary path of development excluding social upheavals and the pursuit of a strong social policy preventing the inordinate stratification of society and defending the interests of the most vulnerable strata of the population and mother and child.

Even following the transition to free pricing, Uzbekistan was in no hurry to wind down state support for the populace and enterprises; a rationing system of the allocation of basic necessities existed up to a certain time, pay was indexed, and the plants and factories were assisted in the transition to the new system of management. Of course, this was a heavy burden on the budget, but it prevented a steep fall in people's living standard and a growth of unemployment.

Only after the preparatory work had been completed did the government switch to the second stage of economic reforms, which, in our opinion, was marked by the introduction of a full-fledged national currency in place of the transitional coupons and a tightening of monetary and fiscal policy, the transition to free market pricing and the targeted support of the socially vulnerable strata of the population, the start of the privatization of mid- sized and large state enterprises by way of their conversion into open-type joint-stock companies, and an extension of the reforms in agriculture. As a result, inflation in the republic in June 1995 constituted only 1.9 percent.

What are the specifics of the macroeconomic models of the Uzbekistan reforms? A comprehensive answer to this question is provided by the recently published book by President Islam Karimov "Uzbekistan En Route to the Furtherance of Economic Reforms" (Uzbekistan Publishers, Tashkent). It is a practical and scientific work providing a clear and precise idea of the specific paths of the Uzbek people's advance toward prosperity and progress.

The main feature of the Uzbek reforms is the attitude toward the privatization of public property. A good lesson has been learned here from the experience of other countries, in which accelerated general and no-charge privatization intensified the economic crisis, brought a number of enterprises to the verge of bankruptcy, increased the number of unemployed, and intensified people's property and social stratification.

The concept of the solution of the problem in the republic is simple. Whatever has no price is, truly, not valued and is not preserved. The principles of privatization on a payable basis compensating outlays made earlier are supported here, therefore. The main purpose of the economic reforms is seen here only to be transfer of property to the true owners and their being granted broad opportunities for entrepreneurial activity. But this does not mean that work on denationalization and privatization in Uzbekistan has been fully wound down.

Programs for the privatization of thousands of industrial, construction, and transport enterprises have been drawn up and are being implemented in the republic for the accomplishment of this task. Some 4,300 enterprises acquired new owners within the first six months of this year. This process has begun also in the base sectors of the economy: oil and gas, power engineering, and mechanical engineering. It is planned to privatize the tourist complexes in Bukhara, Samarkand, Khiva, and Tashkent on a tender basis and their conversion into joint-stock companies with the participation of foreign capital.

The main emphasis is now being put on bids and auctions. Primary and secondary securities markets are

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being extensively developed simultaneously to attract broad public strata to this process. The income obtained from this is being used primarily for the support of the privatized enterprises themselves and their reconstruction and also for realization of the most efficient investment projects and the development of science-intensive works which are competitive on the world market.

Stabilization policy to maintain macroeconomic balance, prevent a wholesale decline in production and mass unemployment, ensure a manageable level of inflation and currency issue, and to preserve the payments balance is considered a priority in the republic.

Uzbekistan believes that attempts to balance the budget only with the aid of a further sharp reduction in the public spending necessary for current consumption and the reorganization of the economy could signify an exacerbation of the economic situation and prolong the reform process. Similar approaches here are being displayed in financial and tax policy and currency regulation, which is evoking economists' misgivings and criticism.

Macroeconomics is a most complex science. It contains a multitude of theories and schools, the main ones of which are the neo-classical (to which experts of the IMF adhere) and neo-Keynesian (frequently employed by governments of countries that have found themselves in a period of economic downturn). Which of them is the Government of Uzbekistan following?

Free prices, austere monetary, fiscal, and anti-issue policy, a fight against inflation, liberalization of foreign trade, and a number of other measures are most important attributes of the neo-classics. The presidential edicts adopted in 1995 on a further reduction in the tax burden and a lowering of income taxes on the citizens are the principal ingredients of supply-side theory, which is associated with it. At the same time, on the other hand, the subsidizing of state enterprises, the attraction of foreign investments even to the detriment of the country's balance of payments, and wage reforms and other measures of the stimulation of macro-demand are typical instruments of the neo-Keynesian regulation of the economy.

Thus, Uzbekistan is realizing its particular model of macroeconomic regulation of the economy dissimilar to those described in textbooks and applied in other countries. If successful, it could be a new contribution to macroeconomic theory, inasmuch as a general model of macroeconomic balance satisfying everyone has at the current stage yet to be created. So Uzbekistan's experience could be of considerable significance for the entire world community.

Truly, the Fund and the World Bank are granting Uzbekistan credit. But there is more to it than just this. The mere fact of the allocation of this credit is a kind of signal and guarantee for private overseas investors, whose financial resources are many times greater than the reserves of these authoritative international organizations. According certain data, $1 of loans granted a country by the IMF or the World Bank affords an opportunity to attract a further $7-8 on the international capital market. And they are needed right now for the needs of the structural reorganization of the economy and the subsequent increase in the production of consumer goods and export products. Large investments of foreign investors in the fuel and energy complex, gold mining, vehicle-manufacturing, light, and tobacco industry, and other base sectors of the country's national economy have already been obtained. Plans for an improvement in the cotton sector, with which more than 70 percent of the republic's national economy is connected in one way or another, an increase in the production of natural gas, the development of labor resources, and others are being drawn up with the participation of the World Bank. Just one fact. In the second quarter of this year, foreign investments constituted one-fifth of the total capital investments in the republic.

Yes, the CIS countries are experiencing hard times today. But as world experience shows, any economic crisis ends sometime. The actual time when it is overcome largely depends on the efficiency of the macroeconomic policy of our states' governments. Now, it would seem to us, Uzbekistan is demonstrating to the world its experience and particular path of transition to the market.

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Armenia

Vice President, Iranian Official Discuss Economic Ties

NC2208072495 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 21 Aug 95

[FBIS Translated Text] Armenian Vice President Gagik Harutyunyan on 21 August received an official Iranian delegation led by Hojjat ol-Eslam Hasan Fereydun Rowhani, deputy speaker of the Iranian Parliament. The delegation is in Yerevan at the invitation of the State Commission for the Coordination of Armenian-Iranian Ties.

The Armenian Presidential Press Service reported that problems relating to cooperation in the industrial, energy, and cultural sectors were examined during the meeting. Special attention was devoted to developing transport routes.

Rowhani expressed thanks for the warm reception and stressed the importance of his meeting in Armenia. He said the foundations were laid for the productive development of Armenian-Iranian interparliamentary relations. He also touched upon issues relating to the organization of joint ventures, capital investment, and cooperation in the Iranian free trade zones.

Bagratyan 15 Aug Press Conference Reviewed

954F3145A Yerevan VREMYA in Russian 16 Aug 95 p 1

[Report by Mikhail Shakhsuvaryan under the rubric "V-Info": "Bagratyan Continues To 'Deepen' and 'Strengthen'"]

[FBIS Translated Text] The prime minister conducted yesterday's press conference in a relaxed manner, as should be expected of an enlightened prime minister confidently walking the road of market reforms. The absence of a certain hunted look in the eyes and of fidgety patter oversaturated with figures, demonstrated the changes that have taken place in the government. And indeed, after only 23 ministers out of 30 were left, it became somewhat easier to breathe. Besides, reorganization will continue, and in the near future there will be even fewer agencies. In G. Bagratyan's words, by this indicator we are already approaching the countries with mature statehood. Like it or not, such words do sound encouraging.

Anyway, in keeping with the government program: a) structural changes continue to deepen, b) strengthening of social policy is announced, and c) changes are being made in the legal system so it will be in conformance with the first two points. These are the main points of the prime minister's strategic plan for the next few years.

Among the more concrete tasks is fulfilling some promises that went on record in the ruling party's electoral platform. In particular, the question was whether the population will get in August the full share of electric power promised by the AOD [Armenian Pannational Movement]. The prime minister put it more or less this way: "It may happen in the end of August. We will analyze the situation and figure out whether we should take power from the AES [nuclear power station] or not."

While everything is still "in the fog" with respect to Armenian nuclear power, there is now some clarity with respect to gas. During the recent negotiations with the Georgian delegation in Stepanavan, Armenia made an effort to put all the dots over the "i's." The abnormal situation (when we have to pay for gas "pinched" from us by the neighbors) apparently will undergo substantial changes. Now Armenia will be accepting the blue fuel right on the Georgian- Armenian border and make its own decision on financial issues with Georgia. This will give us dramatic leverage on our neighbors. If violations continue, "We will refuse to take our gas and by doing so will also deprive Georgia of energy...."

On the question of bread, the prime minister said the following: "The government has sufficient reserves of grain. But we are encouraging processors to purchase it independently. Because the current market price of bread enables them to do it. After all, the world community cannot supply us with flour indefinitely!" G. Bagratyan is convinced that only market mechanisms will enable us to successfully combat the bread mafia. He is certain that the decline in the quality of this product is due to the fact that the government has began to encroach on the interests of "shadow dealers."

As is known, bread-related problems did indeed begin to worry us lately more than we would like them to. Therefore, we should wish the chief warrior against the mafia a quick success in this glorious battle. And let him "deepen" deeper, and "strengthen" stronger, and "change" harder. After all, what if everything he does is indeed a stroke of genius?!

Georgian Liberal-Conservative Party, NSDCU To Cooperate

NC2108134995 Yerevan SNARK in English 1228 GMT 21 Aug 95

[FBIS Transcribed Text] Yerevan, August 19 (SNARK) — The National Self Determination Christian Union (NSDCU) held another rally on August 18 where Gocha Jojoua [name as received], leader of the Georgian Liberal-Conservative Party, appealed to the participants to confirm and develop good-neighborly relations between Georgia and Armenia.

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In an interview with a Snark reporter, Jojoua said that the aim of his visit is to restore friendly relations with Armenian political forces, and with the NSDCU in particular. He noted that mutual understanding between the two countries will allow them to struggle against the possible provocations aimed at rousing hostility between Armenians and Georgians. However, he refused to give any concrete examples.

Paruyr Hayrikyan, leader of the NSDCU, in his turn stated that the provocations will be possible until they get rid of the KGB spy network. He believes that the two countries can be on good terms only through observing human rights in Georgia and Armenia.

Azerbaijan

Foreign Minister Meets German OSCE Envoy

NC2208092895 Baku TURAN in English 1218 GMT 19 Aug 95

[FBIS Transcribed Text] Baku/19.08.95/TURAN—Foreign Minister of Azerbaijan Gasan Gasanov received a representative of Germany in the OSCE Minsk group Frank Lambakh.

During the meeting Gasan Gasanov noted positive address of Mr Lambakh at the last session of the OSCE. "I appreciate your objective position in the resolution of the Karabakh conflict," Gasanov noted. He also extended satisfaction that Germany has decisive voice in the OSCE and the country. The Azeri Minister also noted the objective position of Bonn in the settlement of the Armenian-Azeri conflict which supports the position of the OSCE, acts according to the Charter of the UN and does not support concretely neither Armenia nor Azerbaijan.

Gasan Gasanov said that presently at the negotiations of the OSCE Minsk group Armenia began to show its positions (which it concealed before.) The Azerbaijan's position has always been very clear. He said that the main problem in the resolution of the Karabakh conflict was withdrawal of the Armenian troops from the occupied territories including Shusha and Lachin. Hasanov thinks that there can be two stages in the resolution of that problem. The first stage provides the liberation of the occupied territories by Armenian in exchange for the guarantee of security for the Armenians of Karabakh. The second stage provides restoration of full peace and resolution of the status of Nagorno Karabakh. Some ambassadors of the OSCE Minsk group consider that the period between these two stages can drag out and that will damage the resolution of the problem. The others consider that if these two stages take place simultaneously that will do harm. However, Gasan Gasanov does not think so.

Representative of Germany Frank Lambakh noted that he arrived in Azerbaijan for the discussion of just the Karabakh conflict. He thinks that Foreign Minister of Azerbaijan very clearly told about the position of the leadership of Azerbaijan.

Mr Lambakh noted that the European Community was interested in the stabilisation of the situation in the Transcaucasian region. Thus, the political stabilisation will be followed by development of economic relations.

Mr Lambakh said that the Head of the Foreign Ministry of Germany Mr Kinkel adopted a decision to visit Transcaucasus. He schedules to arrive in Azerbaijan in January-February next year.

Frank Lambakh arrived in Azerbaijan today at night. He plans to meet with the President Geydar Aliyev and the refugees. Lambakh will leave for Yerevan on August 22.

Aliyev Wants Return of Lost Land

LD2108194595 Moscow INTERFAX in English 1839 GMT 21 Aug 95

[FBIS Transcribed Text] Baku, Aug 21 (INTERFAX) — Return of all occupied Azerbaijani land, in particular the towns of Shusha and Lachin, must be at the crux of any peace settlement with Armenia, Azerbaijani President Geydar Aliyev told Frank Lambakh, Germany's special envoy in the talks on resolving the Karabakh conflict in the framework of the Organization for Cooperation and Security in Europe's Minsk Group.

Aliyev called on international mediators to make better use of the ceasefire, lasting now for almost 15 months.

Lambakh supported this view and said that Germany wants the conflict to be resolved in the framework of the OSCE. He expressed the hope that there will be better chances for a peace settlement after parliamentary elections in Azerbaijan.

Foreign Participation in Karabakh Oil Project Viewed

MK2108095295 Moscow SEGODNYA in Russian 19 Aug 95 p 3

[ANI [Oil News Agency] report: "List of Participants in the Karabakh Project Will Not Be Expanded. Authority To Conduct Talks Turned Over to SOCAR"]

[FBIS Translated Text] This was declared with a certain measure of confidence by Mr. Aliyev, SOCAR [State Oil Corporation of the Azerbaijani Republic] president, as he commented on the progress of preparations for a project to develop the Karabakh deposit. In his words, Azerbaijan President Geydar Aliyev, by his

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edict, has empowered the Azerbaijani company to conduct further talks on this project. In the opinion of experts, this signals that "the project is moving forward" and yet another stage in its preparation has been passed. They have noted that a similar edict was issued by the Azerbaijani president regarding the talks on the development of the Azeri, Chirag, and Gyunsheli deposits, which culminated in the signing of an agreement between a consortium of foreign companies and Azerbaijan.

At the same time, they voiced bewilderment at the statement by the head of the Azerbaijani oil industry "on not expanding the list of project participants." As many people know, the Russian "LUKoil," the Italian Agip, and the American Pennzoil companies, which set up an alliance early in June, worked out the main principles of an agreement for joint development of the Karabakh deposit (northern part of the Azerbaijani sector of the Caspian Sea) and signed a corresponding document. About the same time, reports appeared that Azerbaijan was conducting talks with Saudi Arabia's Delta and America's Unocal regarding this project.

The American company was, until recently, regarded as one of the main contenders to join the Karabakh project, since SOCAR and Unocal signed this past February a protocol under which the American company was granted the exclusive right to survey 400 square kilometers of the Apsheron (the Apsheron Peninsula in Azerbaijan's east), and was also pledged a certain share of the project to be carried out in this area on terms to be offered by SOCAR. We know that the Karabakh deposit is situated on territory covering the Northern Apsheron.

Mr. Aliyev announced that the sides have not yet agreed on the extent of their participation in developing the Karabakh deposit and "talks on this question are continuing." At the same time, he stated that Pennzoil "will surely receive" 30 percent in this project to offset outlays for the construction of a compressor house for the recovery of casing-head gas at the Neftyanyye Kamni oil field. Various Azerbaijani sources report contradicting information on the possible distribution of quotas in the Karabakh project. For example, according to one variant, the "LUKoil"-Agip alliance will get 50 percent. The other variant has it that "LUKoil" will get 32.5 percent, Agip and Pennzoil 30 percent each, and SOCAR will get 7.5 percent.

Central Election Council Members Elected

NC2108173895 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 19 Aug 95

[Text of Azerbaijan National Assembly resolution on the structure of the Central Election Council, dated 18 August]

[FBIS Translated Text] Considering article 13 of the election law, the Azerbaijan National Assembly decides the following:

1. Abbas Guliyev Arif Jemiloglu, Abdullayev Ferhad Sahiboglu, Gurjayev Ramazan Hajioglu, Kasumova Svetlana Chingizkizi, [name indistinct], Tatiana [name indistinct], Zeynalov Mamedbagir Mustafaoglu, Mamedaliyev Isa Majidoglu, Mamedli Ali Jemiloglu, Muradov Shahbaz Musaoglu, Rizayeva L. Suleymankizi, Salimov Tevekkul Gafaroglu, Seferov Nizami Abdullaoglu, Handan Refikzeka Jafaroglu, and Huseyinov Azer Kamberoglu are elected members of the Central Election Council. Jafar Jabrailoglu Veliyev is appointed as head of the Central Election Council.

2. The structure of the Central Election Council for the elections to be held for the National Assembly is approved.

3. The authority of the Central Election Council for the election of the people's deputies is removed.

Signed: Rasul Guliyev, chairman of the Azerbaijan National Assembly. Baku City.
Dated: 18 August 1995

Russian Community Denied Quota in New Parliament

MK2108135295 Moscow SEGODNYA in Russian 19 Aug 95 p 4

[Report by Arif Useynov from Baku: "The Russian Community Has Been Denied a Quota in Milli Mejlis. The Authorities Fear That a Unitary State May Transform Into a Federal One"]

[FBIS Translated Text] The parliamentary paper AZERBAIJAN confirmed the recent request by Mikhail Zabelin, a Milli Mejlis [National Assembly] member, made before the deputies, that the Russian community be given a quota of five deputy seats in the new legislative body to be elected on 12 November. While so doing, Mr. Zabelin referred to a similar request by the Russian community, published in AZERBAIJAN in December 1918, and mentioned the active participation of the Russian community in the social and political life of the country. Parliament Speaker Rasul Guliyev, however, explained that

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Azerbaijan is a unitary state, and therefore, national communities may not seek any quotas. Of the 300,000 ethnic Russians living in Azerbaijan (over the past 10 years their number has diminished by about 100,000 people), 160,000 to 170,000 have the constitutional right to vote, and 100,000 are eligible to be elected to the country's parliament. Mr. Guliyev expressed confidence that, by taking an active part in the election campaign, representatives of the Russian community will succeed in winning seats in "our new parliament."

In the opinion of some observers, if Mikhail Zabelin's proposal had been adopted, it could have triggered a chain reaction: representatives of other ethnic communities — the Lezgins, Avars, Jews, etc. — would have also demanded quotas for themselves, which would have led to the "federalization of the parliament." In order to avoid such a turn of events, the Constitutional Committee, headed by President Geydar Aliyev, rejected a draft election law (one of four options proposed), which envisioned a two-chamber parliament and, as a result, a federal state system.

Party Stances on Election Law Reviewed

954F3143A Baku ZERKALO in Russian 12 Aug 95 No 29, p 5

[Article by N. Aliyev: "12 August: The Campaign Has Begun"]

[FBIS Translated Text] The situation surrounding the law "On Elections" remains uncertain. The speeches of the representatives of various political forces in support of or against the bill presented for parliament's consideration continue, as before.

It was decided at a sitting of the National Assembly on 5 August to form a working group headed by the two deputy chairmen of the Supreme Council and also with the participation of the authors of all draft election laws and parliamentary commission chairmen, who would in three days, before 8 August, consider all the proposals made at the sittings and draw up a block of all the fundamental disagreements. According to Speaker R. Guliyev, on Tuesday, 8 August, parliament would embark on an item-by-item discussion of the draft, starting with the most fundamental issues. But considering the large number of disagreements, the sitting of parliament was postponed from 8 until 11 August.

Political forces tried to use the time they had gained as efficiently as possible. Practically all parties and associations continued to present their proposals for the bill. Frequently in peremptory form, what is more.

The leadership of the republic made certain concessions to the opposition, as was to have been expected, for that matter. For example, last week the number of signatures the parties need to take part in the elections was reduced from 62,000 to 50,000. It is perfectly possible that there will be some further concessions. But serious indulgences probably should not be expected.

The election campaign begins officially on 12 August. Many parties, in a state of crisis, are approaching the elections unprepared and torn by internal disagreements. These are primarily the Azerbaijan Labor Party [PTA] and the Democratic Independence of Azerbaijan Party. The scandal surrounding the PTA has been unabating for several weeks now. The parties to the conflict are swapping statements and accusing each other of all possible sins. Having removed S. Gadzhiyev from the office of party chairman, the PTA Executive Committee put a cap on this whole business, it might have seemed.

But the former leader of the Labor Party did not go quietly and has issued numerous statements. At a news conference called by S. Gadzhiyev at the end of last week the former chairman of the PTA declared that a "group of gangsters" led by Gadzhi Abdul, chairman of the Tovbe Society, who was, incidentally, recently elected chairman of the PTA Coordinating Council, had carried out an attack on S. Gadzhiyev's apartment, demanding that he hand over the seal and party documents.

S. Gadzhiyev, according to ANS-PRESS, declared that his party could get 15 deputies elected to parliament. This claim appears puzzling, to say the least, in the light of the fact that there are in Azerbaijan over 40 registered political organizations, and according to the bill presented to the National Assembly, provision is made for only 25 seats in the future parliament for representatives of political parties. And although, by all accounts, not all parties will be able to take part in the elections, this confidence of S. Gadzhiyev is, nonetheless, astonishing, to put it mildly.

At a news conference held by the PTA Executive Committee, Gadzhi Abdul, chairman of the party's Coordinating Council, declared, in turn, that "$100,000, obtained from various sources, mostly from private individuals, were put at S. Gadzhiyev's disposal, and still no one knows where or how these monies have been spent." At the same news conference Labor Party activist Rasim Agayev emphasized that on the eve of the parliamentary elections the party, "which did not have a strong political and ideological base as it was, has, thanks to the activity of S. Gadzhiyev, found itself virtually out of the game."

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"The Democratic Independence of Azerbaijan Party [PDNA] is in a similar situation. And although the intra-party struggle there has assumed a somewhat concealed nature as of late, there is every reason to assume that the PDNA is still experiencing not the best times. Gabil Guseynli, cochairman of the PDNA, whose dismissal from the office of state counselor brought about the party crisis, recently issued in an interview with ANS-PRESS a statement that maintains that the Democratic Independence of Azerbaijan Party has overcome the difficulties and has restored all the structures."

But G. Guseynli's subsequent claims are reason to believe that the dismissal and the charges against the former state counselor, even if not reflected in the party's position, have at least changed G. Guseynli himself. Responding to a question concerning his personal attitude toward the bill on the elections, G. Guseynli declared that the draft is in need of "improvement and democratization." "It does not correspond to the interests of the parties and the majority of the population," Gabil Guseynli said. It is hard to imagine that G. Guseynli could have made such a statement before his dismissal.

Party Leader Reacts to 'Provocation' Plan

954F3130A Baku GUNAY in Russian 12 Aug 95 p 1

[Report by GUNAY RIA: "Another Sabotage Attempt"]

[FBIS Translated Text] On 8 August, at approximately 0900, internal affairs personnel uncovered ammunition near one of the buildings on Stroiteli Avenue and confiscated it.

Obviously, the public looks approvingly at instances of surrender of weapons and ammunition in illegal possession of citizens, or their discovery and confiscation in all sorts of places, because possession of arms and ammunition by individuals attests that their intentions are far from benevolent.

However, upon closer examination, the details of the 8 August discovery do not leave any doubt that this is another provocation against the chairman of one of the parties operating in the republic. This conclusion comes to mind first of all because the sack containing 40 grenades and 40 detonators, as well one grenade launcher, was discovered, of all places, in the vicinity of the building where Makhmud Mamedov, chairman of the Azerbaijani Democratic Party of Property Owners [ADSP], lives. This gives M. Mamedov reason to think that this episode is another sabotage attempt against him.

Several months ago the procuracy and the police of M. Mamedov's home district searched his apartment and office. The pretext for this action was the alleged telephone call to the police from an individual, who wished to remain anonymous, that Makhmud Mamedov keeps weapons at home.

Of course, the search did not produce any results; nevertheless, the district procuracy and internal affairs officials held M. Mamedov in the police precinct for exactly 24 hours and released him only after Azerbaijan President Geydar Aliyev personally interfered on his behalf.

M. Mamedov immediately sent a letter to republic General Procurator E. Gasanov and the Minister of Internal Affairs R. Usubov, with the request to investigate the incident and punish the "defenders" of law and order guilty of abusing official position and committing unlawful actions. Unfortunately, the procuracy and police personnel, aware of their impunity, did not give up their unlawful methods and soon carried out a provocation against M. Mamedov's driver, whom they tried to arrest on unsubstantiated charges. There is, however, truth in the proverb: "A lie will rise but will not move." Thus, this sabotage attempt also turned out unsuccessful.

When M. Mamedov, who is briefly vacationing in Turkey, was informed of the finding, he called GUNAY RIA and said: "I consider the discovery of weapons near my home as another sabotage attempt, aimed against me by certain well-known forces, who resort to the dirtiest means in order to inflame the situation and tip political stability in the republic. However, the ill-wishers' efforts are in vain: I and the ADSP do not engage in any actions that could in the slightest degree harm Azerbaijani statehood or its people. We demonstrate it in the process of our diverse activities. The meaning and purpose of all my actions is to directly help the cause of taking the republic out of the economic crisis, improving the population's standard of living, and building a democratic and humane society."

P.S. According to police personnel, who "found" the sack with grenades and the grenade launcher, its contents had been stolen from a military unit—which is especially regrettable...

Front's Registration Denial Examined

954F3133A Baku ZERKALO in Russian 12 Aug 95 No 29, p 3

[Article by N. Aliyev: "Denial to the Popular Front of Registration Came as No Surprise to the NFA: The Azerbaijan Popular Front Party Was Denied Registration at the End of Last Week at a Meeting of the Ministry of Justice Collegium"]

[FBIS Translated Text] This was an unusual event in the country's social and political life. The PNFA [Azerbaijan Popular Front Party] is one of the biggest

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and most influential opposition organizations. And all the greater the repercussions that this event should have in society.

In an interview with your ZERKALO correspondent, Ali Kerimov, a PNFA leader, declared that "denial of the NFA [Azerbaijan Popular Front] registration came as no surprise." "We were, generally, expecting this," he said. "Despite the fact that the present authorities are declaring preparations for democratic elections, the Front leadership saw that the conditions for such elections are lacking and was sure that the authorities would do anything to sideline the main opposition parties from participation in the election campaign. This was why, after we had held our congress and the Front become a party, we prepared the papers for the Ministry of Justice very carefully. A special team of lawyers, which analyzed them, was formed. Only after this did we submit the papers to the Ministry of Justice. The Ministry of Justice had no serious legal grounds for the denial," A. Kerimov maintains.

The NFA leadership realized long before the congress that it would not be at all easy for the Front to register as a party. In conversation with our correspondent several weeks ago Gulamguseyn Aliyev, chairman of the Azerbaijan Popular Front Supreme Council, stated that such a turn of events was entirely possible.

A ZERKALO correspondent applied to the Ministry of Justice for comment on the refusal to register the PNFA, but a senior official of this department declined a meeting, giving as his reason the fact that this problem had been covered sufficiently in the press and that he had nothing new to add. Nonetheless, the KHABAR-SERVIS Agency gave as the reason for the denial of the PNFA registration, citing an informed source in the Ministry of Justice, certain violations in the rules of this organization, which consist of qualification of the right of PNFA members to run for office in the party's elective bodies, which contravenes the Constitution of the Azerbaijan Republic. In addition, the powers of the directive bodies of the NFA and the term for which they are elected are imprecisely defined.

Ali Kerimov, deputy chairman of the NFA for policy, agreed to answer questions of our correspondent.

"The Ministry of Justice's decision is to a large extent a political declaration," he said. "I do not understand what the assertions that A. Elchibey has lost the people's trust have to do with registration.

"We believe that these people are political prisoners. In addition, even if they are criminal elements, why must the whole organization be held responsible for them?

"The requirements of the Ministry of Justice have absolutely no legal foundation. They contravene the law 'On Political Parties.' The statements to the effect that the Popular Front organized a terrorist act and provocation somewhere or other need to be proven in court. The organization may be held liable only for the acts which it has perpetrated as an organization. If even one leader of the Popular Front has committed some crime, this cannot be grounds for reregistration.

"Despite the fact that three months remain until the elections, censorship persists in Azerbaijan, the political parties have no opportunity to organize campaign meetings with the electorate, and 11 political parties have not been registered. The Popular Front—one of the main opposition forces—has had no headquarters for 18 months now. The police have taken premises away from the NFA in 3[illegible] districts. Under such conditions statements about democratic elections are nothing more than an empty declaration. We have no choice but to boycott the elections."

"So there will be a boycott?"

"Theoretically there was up to 12 August the possibility that the Ministry of Justice would register us and revise the draft law 'On Elections.' Otherwise the Popular Front and the Democratic Congress and the Roundtable will be forced to boycott these elections."

"To what will this lead, in your view?"

"This could lead to the elections simply not taking place. But even if they do, neither the Azerbaijani nor the world public will deem them democratic. This would be a repetition of the 1990 elections."

Together with the Popular Front, the Azerbaijan Islamic Party has been denied registration also. The democrats have, as a result, acquired quite an unexpected ally. The Islam-ittikhad organization recently issued a statement in connection with the ban on the participation in the elections of religious figures. The document notes that the refusal to register the Islamic Party testifies to "the fear of Islam of the particular forces that ordered this version of the bill and that are endeavoring to prevent the move into the political arena of authoritative politicians in the future."

Meanwhile the Ministry of Justice continues in its collegium to discuss party registration. Forty-four political parties have been registered today altogether. A further 11 parties, including the PNFA, has requested registration recently. The Popular Front was the first to receive an answer....

One event at the end of last week is indicative in this connection. Ibragim Ibragimli, deputy chairman of the

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Azerbaijan Popular Front, declared that he was leaving the NFA and returning to the Musavat Party.

I. Ibragimli himself commented on his step as follows: "My return to Musavat is connected with the emergence of the Azerbaijan Popular Front from the crisis situation in which it found itself following the coup in June 1993 and the reform of the structure and restoration of the authority of the NFA among the country's population." The former deputy chairman of the NFA rejected here any connection between his switch to Musavat and the impending elections. According to him, both these parties complement each other ideologically and organizationally and are capable of success at the elections.

This was perceived by many people as flight from a sinking ship. But it is, most likely, not entirely this. Now, when it is clear that the NFA will not, by all accounts, be taking part in the elections, the active part of the Front is switching to the Musavat Party to strengthen it.

Georgia

Shevardnadze Praises Parliament's Work on Constitution

LD2108173895 Moscow INTERFAX in English 1541 GMT 21 Aug 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The adoption of the new constitution will prove that Georgia has unconditionally chosen the road of democratic development, Eduard Shevardnadze said in a traditional Monday radio interview.

He stressed that the sections of the new fundamental law approved by the deputies fully meet world standards.

He singled out the constructive work of parliament on the constitution. "The constitutional process in parliament is a reflection of the democratic development in society," Shevardnadze believes.

According to him, the parliament plans to complete the constitutional debate Tuesday and then for several days work on the election law.

Shevardnadze announced that it was decided to refrain from a debate on the section on the territorial composition of the country at the present stage. "It can be discussed when Georgian jurisdiction is restored throughout the territory of the country," he remarked.

On the economic situation he said there is a steady tendency to stabilization. He named several figures to make his point: in the first seven months of the year trade turnover in retail trade and public catering amounted to 116 trillion coupons which is 350 percent more than during the same period last year. According to Shevardnadze, retail prices of certain farm goods were cut down by almost 20 percent compared to last year.

Shevardnadze commented on several public statements in which the leader of Mkhedrioni Jaba Ioseliani accused Shevardnadze of trying to establish a dictatorship in the country.

"Such declarations will be numerous during the current election campaign," the Georgian leader said.

In his opinion Mkhedrioni is no longer a political force, and if it becomes such, it will be unable to exert political influence on the public. As for the calls of Mkhedrioni leaders to topple the Shevardnadze regime, in his opinion neither Mkhedrioni, nor any other political force is capable of doing that.

Shevardnadze spoke against wasting energy on empty declarations and getting down to business instead: adopting the constitution, holding elections and entering the road of unification and advancement.

Parliament Completes Discussion of Draft Constitution

LD2208113495 Moscow INTERFAX in English 1043 GMT 22 Aug 95

[FBIS Transcribed Text] Tbilisi, Aug 22 (INTERFAX) — The Georgian Parliament completed discussion of the draft constitution yesterday evening. The parliament adopted all articles of the constitution except that on the state territorial system, which the parliament decided to discuss after Tbilisi's legitimacy is restored in the entire country.

An INTERFAX correspondent reports that the parliament will hold a final session this afternoon in order to discuss whether the constitution must be adopted on the whole or as a package of constitutional laws.

Georgian leader Eduard Shevardnadze met with representatives of all of the Georgian parliament's factions in order to avoid serious discord at the session.

A leader of the opposition Republican Party's faction, Vakhtang Khmaladze, told Interfax that the "completion of the constitutional process in the parliament signifies the victory of all democratic forces in Georgia." He said the draft constitution had been radically changed, compared with the original version. Khmaladze said that under the opposition's pressure "the provisions on the creation of a one-chamber parliament, those on the president heading the cabinet and many other provisions" had been adopted.

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Khmaladze said the majority of deputies favored the adoption of a package of constitutional laws rather than a single constitution. He said the package of constitutional laws "will much more precisely reflect Georgia's present reality."

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Estonia

Special Courts To Deal With Organized Crime

WS2208074095 Tallinn ETA in English 1724 GMT 21 Aug 95

["News Release"]

[FBIS Transcribed Text] Estonian authorities have decided upon the necessity to found special courts to deal with cases connected with organised crime.

The state crime prevention council discussed at their Monday enlarged meeting foundation of courts with special regulations of procedure, first of which should be the ones dealing with cases connected with organised crime.

"There are three aims to it," Interior Minister Edgar Savisaar told the press. "First: that courts could proceed these cases faster, second: that courts were more competent and third: that the judges, witnesses and defendants had greater protection."

There are several differences between courts with ordinary and special proceedings, head of the Supreme Court Rait Maruste said, e.g. the case will be looked through in the first level collegially not by just a judge. There are stronger security measures in entering and being in court rooms, facilities to examine anonymous witnesses, the order of appeals is limited etc.

Working group of Justice Ministry, Interior Ministry and Supreme Court experts has to work through necessary legislative and organisatory changes in a month. The next step is to change the organisatory side of courts, gathering cases connected with organised crime to one place and change of procedure regulations in order the proceedings could be faster and more effective.

Chancellor of the Justice Ministry Mihkel Oviir said that the necessity of other special courts in Estonia is also being considered.

Country Becoming 'Staging Post' for Drugs

MM2208104295 Moscow IZVESTIYA in Russian 12 Aug 95 p 3

[Report by Leonid Levitskiy: "Estonia Becoming Thailand's Window Into Europe"]

[FBIS Translated Text] Tallinn — On 4 April, Kairit, Mare, and Reet accompanied by Bernhard flew out of dank Tallinn on their way to perpetually hot Thailand. Almost three months later, the young Estonian women, Bernhard, and a Slovak called Ivan who had joined up with them left Bangkok. All five were arrested at Bangkok Airport. The police found 10 kg of drugs on them. The women had concealed a large proportion of the heroin about their persons. This revealed the women's true role: They had been sent to the other side of the world to act as carriers.

The age of the five arrested ranges from 28 to 30 years. Under Thai law they can expect the death penalty. The best they can hope for is 15 years in jail. Even petitions through state channels do not always save foreigners who are tempted by cheap drugs. A young Dane was recently executed in Thailand, despite the fact that the Queen of Denmark herself asked for him to be pardoned. But temptation is always stronger than fear. A gram of heroin in Thailand costs one-third of the price you would expect to pay in Tallinn. The Estonians were trying to smuggle out a commodity which would have been worth more than $400,000 in Europe. Their arrest is confirmation that Estonia is becoming a staging post for drugs trafficking. Contributory factors are its geography, its flourishing shadow economy, its weak special services, and its profusion of mafia organizations. Herman Simm, recently retired general director of the Police Department, established that no less than 15 major criminal structures are active in the republic. Russia's largest regions, the Transcaucasus, and the Central Asian republics are all represented. Nor are Estonians themselves letting the grass grow under their feet.

Both new arrivals in the republic and local Estonians are successfully moving ever further west; they now have representatives in Germany, Spain, France, Poland, the Czech Republic, and Slovakia. The European and U.S. mafias are equally successful in putting down roots in Tallinn. East and West are linking up before our very eyes.

The coastal border from Narva to Tallinn and Paldiski, which stretches for almost 100 km and has several major ports, has become a solid criminal zone. It brings in fabulous amounts of money. Contraband has undergone a revolution in recent years as far as the range of goods is concerned. Metals, fuel, and timber are being squeezed out by more lucrative commodities: Weapons, alcohol, and drugs.

The scale of the drugs trade can only be determined from indirect evidence. No major case has been brought in Estonia so far. Hitherto the police have only caught small fry. It leaked out information for the first time a few days ago, confirming the link between the local mafia and the international drugs trade. A group in Krasnodar led by Mikhail Gorbachev, a resident of Tallinn, stands accused. This group works with colleagues in Denmark, the Netherlands, Latvia, Lithuania, Ukraine, and Russia. Cocaine and narcotic medical preparations are the object of their joint activity.... At a recent press conference given by the Ministry of In-

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ternal Affairs, journalists were shown a television film containing two striking episodes. The first was the confiscation of 18 kg of marijuana. The second was its sale in Tallinn. Within two minutes of the operational survey, 36 people had bought marijuana from the vendor. Only three of them were adults. The oldest was 21 and the youngest was 11.

Poppy straw is the most accessible drug. A glass of this crushed raw material brought from Lithuania or Ukraine goes for $8 or $9. To all appearances, Estonians will no longer have to travel to neighboring states for this particular commodity. Estonia is becoming self-sufficient, and not only in poppy straw.

At the same time as the women were arrested in Bangkok, Estonian police found an opium plantation in the south of the republic: A field two hectares in size. Poppies are a very rare crop in Estonia. Cultivation is only permitted by special license. The farmer who owned the field had no license. The police were struck by the brilliant blue flowers — unusual for poppies used in the food industry. Scientists confirmed that they were a special strain containing up to 20 percent of opium. That is almost double the amount found in standard opium poppies. Even Southeast Asia does not grow varieties of this kind at present. The poppy seeds were bought in the United States by a firm whose head became minister of agriculture three months ago.

The police destroyed the plantation. The action, obviously approved by Minister of Internal Affairs Edgar Savisaar, has developed into a republic-wide scandal. The police are accused of encroaching upon the holy of holies: farmers' private property. Naturally, Minister of Agriculture Ilmar Mandmets has thrown his full weight behind the farmers. As far as he is concerned, poppies are a delicacy used in bread rolls. Edgar Savisaar defends his subordinates who destroyed the raw material for making drugs.

Today's laws make it perfectly possible to interpret the police action as tyranny. Plantation owner I. Kavitomas intends to force the guardians of law and order to pay him damages of 80,000-200,000 krona, which is equivalent to $7,000-$18,000. He could ask for even more. He had allegedly contracted to sell the poppies to a firm owned by a former minister for $1 per kg. But even if he had not sold the poppies, some strapping young men with submachine guns would have turned up at his farm anyway and taken away the entire harvest.

Poppies are a waste-free raw material. Processed by amateurs, a plantation of two hectares would produce an income of $600,000. Processed by professionals — $3.5 million. These figures are given by police experts. Ain Seppik, new general director of the Police Department, is fully determined to destroy another 20 brilliant blue plantations which have been discovered. The most recent was found near Tallinn. It covers five hectares. In true peasant fashion, the explanations given by the field owners are both simple and cunning: The poppies are allegedly being grown as a silage crop for cattle. As one police officer commented, cows would break into a dance if they were given that kind of feed. Nevertheless, the plantation owners perhaps have nothing to fear. A government session has decided to prevent the police from taking independent action in the future. Henceforth, crops may only be destroyed on the basis of decrees issued by the Prosecutor's Office and the court.

The peasants' behavior is understandable. Almost one-half of all arable land lies neglected. Farmers have no money to buy equipment, fuel, or feed for their cattle. The cost of producing grain is higher than its selling price. Even rye, traditionally grown in Estonia, has become unprofitable. It is cheaper to buy grain in Russia or elsewhere in the CIS. Finding themselves in this position, farmers are trying to harvest poppy straw, so as to avoid ruin. So now is an opportune moment for Asians to fly to Tallinn to study the valuable experience of the northern opium plantations....

The investigation in Bangkok is continuing. The opinion there is that the export of 10 kg of drugs was organized by a joint-stock company from Tallinn with a capital fund of...$50. The Estonian police do not back this story. In their opinion, the people arrested in Thailand were members of an international group of drug dealers based either in the Czech Republic or in Slovakia. The Estonians were used as carriers.

The police have established that the tickets to Bangkok for the four Estonians were bought by someone called Gunar Polyakov, whose links with drug dealers have been confirmed. He is 32 years old and has three previous convictions. The police call him a "swindler of the first magnitude." He began in Soviet Estonia, supplying young girls and engaging in black marketeering at Intourist's Biru Hotel.

Kairit, Mare, Reet, and Bernhard are in a Bangkok jail. Apparently, they still say they are innocent. The young women claim they did not know what commodity they were loading onto themselves. Their parents are trying to get the Estonian Foreign Ministry to appeal for a pardon. President Lennart Meri has agreed to ask for the young Estonians' lives to be spared. Their trial begins in September.

One small sensation: One newspaper claims that in fact six Estonian women flew to Bangkok. Three were caught, but three outwitted customs in Asia and in

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Europe and smuggled 10 kg of heroin into Prague. There it will be parceled up and sent to the Scandinavian countries. It is quite possible that some of it will end up in Tallinn: It is a small world.

Temptation is always stronger than fear. The Estonians awaiting sentence — possibly the death sentence — are far away. What has happened to them is no lesson at all. On the other hand, the Estonians who deceived everyone and earned enough for a comfortable life are closer and more convincing. Their success is impressive: They had a 50-50 chance. That is not so terrible: You simply have to be more resourceful.

Lithuania

German Defense Minister Arrives on Official Visit

To Discuss NATO Expansion

LD2108130395 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 21 Aug 95

[FBIS Translated Excerpt] German Defense Minister Volker Ruehe arrived in Vilnius on a two-day visit today. [passage omitted]

After the welcoming ceremony, with members of both delegations taking part, the meeting between Volker Ruehe and Defense Minister Linas Linkevicius commenced.

Volker Ruehe, defense minister of the Federal Republic of Germany, and members of the delegation accompanying him will meet today with Prime Minister Adolfas Slezevicius, with Juozas Bernatonis, deputy chairman of the Lithuanian Seimas, members of the Seimas standing committees of national security and foreign affairs, and Foreign Minister Povilas Gylys.

On Tuesday, the German defense minister will be received by Lithuanian President Algirdas Brazauskas. The talks during the meetings between the German defense minister and the leaders of the Republic of Lithuania will focus on prospects for the expansion of NATO and the West European Union. Mutual relations between the three Baltic states and their relations with the Visegrad countries are expected to be discussed.

Welcomes Military Cooperation

LD2108195395 Vilnius Radio Vilnius in English 1900 GMT 21 Aug 95

[FBIS Transcribed Text] German Defense Minister Volker Ruehe says Germany welcomes military cooperation among the Baltic states and their contribution to international peacekeeping efforts. Mr. Ruehe came to Vilnius on Monday for a two-day official visit and met Lithuanian Prime Minister Adolfas Slezevicius.

The head of the Lithuanian Government said that integration of European countries in the field of security is in a word a lengthy process depending on us ourselves. The prime minister said Lithuania was especially interested in cooperation when training military personnel and adjusting Lithuania's airspace control systems to European standards.

This time the German defense minister spoke very positively about changes taking place in the Baltic states. Speaking about Lithuania's desire to integrate with European defence structures Mr Ruehe said that, as he put it, this is not NATO expansion or some kind of making way to the East, rather this is the opening of the European defence structure to other nations and states of the continent, he added.

Meanwhile, Lithuanian Defense Minister Linas Linkevicius said after the meeting with his German counterpart that the two countries were implementing the already signed military treaties. The two ministers of defense signed the Lithuanian-German treaty on military cooperation within the framework of NATO's Partnership for Peace Programme last autumn.

The meeting of the Lithuanian and German defence ministers centred largely on the training of Lithuanian national defense specialists. The two officials agreed that Lithuanians [words indistinct] would go to study at various German military institutions.

On Tuesday, the German defense minister has a scheduled meeting with Lithuanian President Algirdas Brazauskas. On Wednesday Mr. Ruehe will leave Vilnius for Latvia, continuing his trip around the Baltic states.

Warns Against 'Isolating' Russia

AU2208095295 Cologne Deutschlandfunk Network in German 0900 GMT 22 Aug 95

[FBIS Translated Text] Speaking in Lithuania's capital Vilnius today, German Defense Minister Ruehe warned against isolating Russia. At the beginning of his visit to the Baltic states the minister said that Moscow must be included in the expansion of the European security system. The defense minister also pointed out that the way into the EU and into NATO is open for the Baltic states. Yet, no schedules and no sequence of possible steps have been determined yet.

Ruehe went on to the Latvian capital Riga today.

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Praises Visit at News Conference

LD2208105295 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 22 Aug 95

[FBIS Translated Text] [Announcer] German Defense Minister Volker Ruehe and Lithuanian National Defense Minister Linas Linkevicius held a news conference at the Seimas news conference hall today. Liene Abraityte reports:

[Abraityte] German Defense Minister Volker Ruehe said: My delegation and I are very pleased that our visit to Lithuania has been a great success. Our opinions and our assessments coincided to a very large extent. We decided to continue and to enhance the cooperation, especially in the international sphere where we have greater experience.

The most important thing, Volker Ruehe said, is investment in people. Next year, 15 Lithuanian officers will be trained in Germany. I was greatly impressed, the German defense minister said, with the fact that you are clearly open to Western structures and, on the other hand, with your awareness that Russia should also be included in the Western structures and not be left isolated.

Today, the president and I concluded that there is a new German military structure, and that we wish to see clearly defined relations between Lithuania and Poland.

Minister of National Defense Linas Linkevicius recalled that almost a year has passed since the signing of the German-Lithuanian treaty on military cooperation, and gave a positive description of the process. He said that the program for personel training, training of our officers at the peacekeeping center in Hammelburg, Germany, was discussed. Possibilities for regional cooperation were also touched upon. The initiative to cooperate with the Nordic countries, the Baltic states, and Poland was welcomed.

It was a pleasure to receive a souvenir, the binoculars, from German Defense Minister Volker Ruehe. I see this as a desire for me to see Brussels more clearly, Linkevicius said.

Minister Ruehe answered the journalists' questions. It is too premature to speak about the order of priority in joining NATO, including Russia, among others. This is a long process. Second, one must be realistic because nothing is given for free, one must do one's homework first. The policy must be directed at cooperation with Russia, which is a force and which Europe cannot ignore, Volker Ruehe said.

The issue of demilitarization of the Kaliningrad Region was only mentioned in the talks with Linas Linkevicius, the German defense minister said.

Despite difficult material conditions facing the Iron Wolf [Gelezinis Vilkas] military unit, he gave a positive description of military spirit in the Lithuanian Army. One cannot buy this for all the money in the world, Volker Ruehe said.

[Announcer] The German minister of defense will leave Vilnius for Latvia and Estonia, where he will hold meetings with the heads of these Baltic states. He will also visit military units. In Latvia, the German defence minister will visit a joint Baltic peacekeeping battalion.

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